

BATTLE RIVER FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Battle River Foundation:

Report on the Financial Statements

Opinion

I have audited the financial statements of the Battle River Foundation (the Entity), which comprise the statement of financial position as at December 31, 2023, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Battle River Foundation as at December 31, 2023, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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- 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

M.D. of Wainwright

February 19, 2024



Brian King Professional Corporation

Chartered Professional Accountant

BATTLE RIVER FOUNDATION

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,652,328	751,182
Term deposits (Note 3)	277,841	1,077,841
Grants receivable	7,700	20,650
Interest receivable	2,407	3,498
Goods and Services Tax rebate	22,358	23,039
Prepaid expenses	18,432	15,657
Inventories	32,980	34,607
	<u>2,014,046</u>	<u>1,926,474</u>
CAPITAL ASSETS (Note 4)	<u>3,302,434</u>	<u>3,424,941</u>
	<u>5,316,480</u>	<u>5,351,415</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	95,181	83,879
Current employee benefits	86,927	70,857
Future employee benefits (Note 6)	50,711	50,517
	<u>232,819</u>	<u>205,253</u>
NET ASSETS		
INVESTMENT IN CAPITAL ASSETS	3,302,434	3,424,941
UNRESTRICTED FUNDS	1,781,227	1,721,221
	<u>5,083,661</u>	<u>5,146,162</u>
	<u>5,316,480</u>	<u>5,351,415</u>

BATTLE RIVER FOUNDATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Capital Asset Fund	2023 Total	2022 Total
REVENUE				
Residential Care				
Residents' accommodation	1,290,596	-	1,290,596	1,195,967
Recoveries from activities	14,550	-	14,550	9,290
Utilities recovered	40,398	-	40,398	32,740
Laundry	30,591	-	30,591	28,657
	<u>1,376,135</u>	<u>-</u>	<u>1,376,135</u>	<u>1,266,654</u>
Donations	1,485	-	1,485	1,495
Guest accommodation	10,494	-	10,494	3,316
Interest	103,309	-	103,309	45,191
Miscellaneous	15,858	-	15,858	10,362
Other grant revenue	81,610	-	81,610	204,208
Lodge Assistance Program	280,079	-	280,079	280,079
Municipal requisitions	<u>522,463</u>	<u>-</u>	<u>522,463</u>	<u>439,090</u>
	2,391,433	-	2,391,433	2,250,395
OPERATING EXPENDITURES (Schedule)	<u>2,245,598</u>	<u>208,336</u>	<u>2,453,934</u>	<u>2,451,883</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>145,835</u>	<u>(208,336)</u>	<u>(62,501)</u>	<u>(201,488)</u>

BATTLE RIVER FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023			2022
	Investment in Capital Assets	Unrestricted Funds	Total	Total
Balance, Beginning of year	3,424,941	1,721,221	5,146,162	5,347,650
Excess of revenue over expenditures	(208,336)	145,835	(62,501)	(201,488)
Acquisition of capital assets	85,829	(85,829)	-	-
Balance, End of year	<u>3,302,434</u>	<u>1,781,227</u>	<u>5,083,661</u>	<u>5,146,162</u>

BATTLE RIVER FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	(62,501)	(201,488)
Amortization	208,336	203,512
	<u>145,835</u>	<u>2,024</u>
CHANGES IN WORKING CAPITAL ACCOUNTS		
Grants receivable	12,950	623
Interest receivable	1,091	(3,093)
Goods and Services Tax receivable	681	543
Prepaid expenses	(2,775)	2,681
Inventory	1,627	(5,920)
Accounts payable	11,302	140
Deferred Revenue	-	(50,500)
Current employee benefits	16,070	(12,306)
Future employee benefits	194	2,655
	<u>186,975</u>	<u>(63,153)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(85,829)	(44,590)
(Increase) Decrease in Term Deposits	800,000	(800,000)
	<u>714,171</u>	<u>(844,590)</u>
TOTAL INCREASE (DECREASE) IN CASH RESOURCES	901,146	(907,743)
CASH BALANCE, BEGINNING OF YEAR	751,182	1,658,925
CASH BALANCE, END OF YEAR	<u>1,652,328</u>	<u>751,182</u>
CASH IS COMPRISED OF		
Notice on demand accounts	1,531,131	498,631
Cash on hand	121,197	252,551
	<u>1,652,328</u>	<u>751,182</u>
SUPPLEMENTAL INFORMATION		
Interest received	<u>102,218</u>	<u>42,098</u>

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. PURPOSE OF THE ORGANIZATION

The Battle River Foundation is incorporated as a non-profit society under the Alberta Society's Act. Its principal purpose is to maintain and operate a seniors lodge for the citizens of the area. The foundation is exempt from income tax as a registered charity under the income tax act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained on a restricted fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by contributors or in accordance with the directives issued by the Board of Directors. Three funds are maintained; the Operating Fund, Capital Fund and Internally Restricted Fund.

The Operating Fund is used to account for all revenue and expenditures related to general and ancillary operations of the Foundation.

The Capital Fund is used to account for capital asset of the organization and to present the flow of funds related to their acquisition and disposal, unexpended capital resources and debt.

The Internally Restricted Fund is established at the discretion of the board to set aside funds for future operating and capital expenditures. Transfers to and/or from unrestricted fund balance are reflected as an adjustment to the unrestricted fund balances while transfers to an/or from property and equipment are shown as an adjustment to investment in property and equipment.

Cash and cash equivalents

Cash equivalents are comprised of highly liquid term deposits that are readily convertible to cash with maturities that are less than three months from the date of acquisition.

Inventories

Inventories of materials and supplies are valued at the lower of cost or net realizable value.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Property and equipment is recorded at cost except for donated assets, which are recorded at estimated fair value when acquired.

Government contributions for the acquisition of property and equipment are reported as capital revenue and do not reduce the related property and equipment costs.

Property and equipment is being amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, renovations and improvements	2.5%
Parking lot	4.0%
Emergency generator	5.0%
Boiler room equipment	10.0%
Kitchen equipment	10.0%
Furniture and fixtures	15.0%
Automotive equipment	15.0%

Equity in co-operative associations

Patronage equities are accounted for on the equity method based on annual allocations.

Investment in Property and Equipment

Investment in property and equipment represents the Foundation's net investment in its total property and equipment, after deducting the portion financed by third parties through mortgage debts. Investment in property and equipment also includes and capital revenues received but unexpended at year-end, and is reduced by any capital expenditures incurred but not funded at year-end.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

When preparing financial statements according to ASNPO, the Foundation makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

Residential care revenue is recognized as revenue of the General Fund in the year in which the related accommodation is provided.

Contributed Materials and Services

The foundation is supported by volunteers. Contributed services are not reflected in the financial statements due to the difficulty in determining their fair value.

Financial Instrument Measurement

The foundation initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

3. TERM DEPOSITS

Term deposits consist of deposits at ATB Financial bearing interest at 4.73% to 5.36% and mature during the 2024 fiscal year.

4. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	1	-	1	1
Buildings, renovations and improvements	5,612,224	2,742,643	2,869,581	2,959,773
Parking and sidewalks	320,870	187,456	133,414	145,415
Emergency generator	200,193	100,096	100,097	110,106
Machinery and equipment	416,846	228,429	188,417	186,258
Kitchen equipment	52,568	49,206	3,362	4,483
Furniture and fixtures	416,864	416,864	-	-
Automotive equipment	112,068	104,506	7,562	18,905
	<u>7,131,634</u>	<u>3,829,200</u>	<u>3,302,434</u>	<u>3,424,941</u>

5. BANK INDEBTEDNESS

Revolving line of credit due to ATB Financial, authorized amount of \$200,000, repayable on demand plus interest monthly at prime plus minus .25%, secured by a general security agreement over term deposits.

6. EMPLOYEE FUTURE BENEFITS

The foundation has a policy with regards to the payout of accumulated sick leave for long term employee's that is unfunded. The final employee payout is based on years of service, accumulated sick leave and the employee's final rate of pay.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

7. MUNICIPAL REQUISITIONS

Municipal requisitions received were as follows:

	<u>2023</u>	<u>2022</u>
Municipal District of Wainwright	353,768	298,527
Town of Wainwright	152,418	126,786
Village of Chauvin	4,925	4,166
Village of Edgerton	3,715	3,126
Village of Irma	7,637	6,485
	<u>522,463</u>	<u>439,090</u>

8. INCOME TAXES

The Foundation is registered as a charitable organization under the *Income Tax Act* and as such is exempt from taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Income Tax Act, the Foundation must meet certain requirements with the Income Tax Act. In the opinion of management, these requirements have been met.

9. ECONOMIC DEPENDENCE

During the year, the foundation received \$522,463 (2022 - \$439,090) in municipal requisitions and \$361,689 (2022 - \$482,787) from Ministry of Seniors, Community and Social Services. The ability of the organization to continue as a viable operation is dependent upon continued funding from these sources.

BATTLE RIVER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

10. FINANCIAL INSTRUMENTS

The Foundation uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk and liquidity risk.

The Foundation does not use any derivative financial instruments to mitigate these risks.

Credit risk

Credit risks arise from three sources: cash and cash equivalents, accounts receivable, and term deposits. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant. The investments include investments issued by high-credit quality financial institutions, and we consider the risk of non-performance of these instruments to be remote.

Interest rate risk

The Foundation is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income.

Liquidity risk

Liquidity risk exposure is dependent on the receipt of funds from provincial government grants, rental fees and other sources to enable the Foundation to pay its liabilities as they become due.

BATTLE RIVER FOUNDATION

SCHEDULE OF OPERATING EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Capital Asset Fund	2023 Total	2022 Total
RESIDENT CARE				
Food and provisions	239,628	-	239,628	243,379
Housekeeping and janitorial	24,503	-	24,503	19,964
Kitchen Supplies	20,859	-	20,859	17,476
Linen	11,766	-	11,766	5,335
Lodge activities	1,280	-	1,280	10,130
Vehicle	4,389	-	4,389	3,922
	<u>302,425</u>	<u>-</u>	<u>302,425</u>	<u>300,206</u>
OCCUPANCY				
Building repairs and maintenance	42,180	-	42,180	46,085
Cable	28,032	-	28,032	27,085
Electricity	71,367	-	71,367	71,600
Equipment maintenance and small tools	42,909	-	42,909	47,500
Grounds maintenance	10,390	-	10,390	15,423
Heating	66,432	-	66,432	87,530
Insurance	19,343	-	19,343	19,225
Water and sewer	36,715	-	36,715	38,367
	<u>317,368</u>	<u>-</u>	<u>317,368</u>	<u>352,815</u>
STAFFING				
Salaries and employee benefits	1,551,451	-	1,551,451	1,516,456
Staff travel and training	7,660	-	7,660	10,219
Workers' compensation	22,527	-	22,527	19,337
	<u>1,581,638</u>	<u>-</u>	<u>1,581,638</u>	<u>1,546,012</u>
ADMINISTRATIVE				
Board expense	7,194	-	7,194	14,486
Dues and memberships	6,489	-	6,489	5,411
Interest and bank charges	598	-	598	405
Miscellaneous	4,352	-	4,352	5,619
Office supplies	11,281	-	11,281	9,193
Professional fees	5,330	-	5,330	5,280
Promotions	5,023	-	5,023	4,850
Telephone	3,900	-	3,900	4,094
	<u>44,167</u>	<u>-</u>	<u>44,167</u>	<u>49,338</u>
AMORTIZATION	<u>-</u>	<u>208,336</u>	<u>208,336</u>	<u>203,512</u>
OPERATING EXPENDITURES	<u>2,245,598</u>	<u>208,336</u>	<u>2,453,934</u>	<u>2,451,883</u>