

COMMUNITY SENIORS CO-OPERATIVE LIMITED
YEAR ENDED DECEMBER 31, 2023

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COMMUNITY SENIORS CO-OPERATIVE LIMITED

(Incorporated under the laws of Prince Edward Island)

O'LEARY, PRINCE EDWARD ISLAND

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023 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, 2023, 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 co-operative 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, 2023, and December 31, 2022, current assets as at December 31, 2023 and net assets as at January 1, and December 31, for both the 2022 and 2023 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 co-operative'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 co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the co-operative'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 co-operative'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 co-operative'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 co-operative 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.

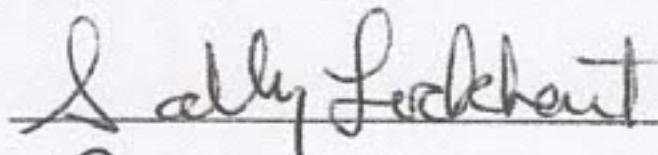
**APRIL 5, 2024
STRATFORD, PEI**

CHARTERED PROFESSIONAL ACCOUNTANTS

COMMUNITY SENIORS CO-OPERATIVE LIMITED
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

<u>ASSETS</u>		
	<u>2023</u>	<u>2022</u>
CURRENT		
Restricted cash (Note 3)	\$ 68,284	\$ 77,436
Unrestricted cash (Note 3)	964,350	205,685
Receivables	30,498	84,321
Prepays	<u>1,358</u>	<u>4,464</u>
	1,064,490	371,906
TANGIBLE CAPITAL ASSETS (Note 4)	10,858,684	2,557,693
INTANGIBLE ASSETS (Note 5)	<u>267</u>	<u>593</u>
	<u>\$11,923,441</u>	<u>\$ 2,930,192</u>
<u>LIABILITIES</u>		
CURRENT		
Payables and accruals, including government remittances of \$Nil (2022 - \$8)	\$ 2,560,179	\$ 1,121,332
Deferred revenues (Note 6)	2,938,947	76,953
Current portion of long term debt (Note 8)	<u>318,936</u>	<u>1,346</u>
	5,818,062	1,199,631
LONG TERM DEBT (Note 8)	4,255,639	703,472
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	<u>1,764,866</u>	<u>937,488</u>
	<u>11,838,567</u>	<u>2,840,591</u>
<u>NET ASSETS</u>		
MEMBERS' SHARE CAPITAL (Note 9)	1,734	1,609
GENERAL RESERVE	483	483
UNRESTRICTED NET ASSETS	<u>82,657</u>	<u>87,509</u>
	<u>84,874</u>	<u>89,601</u>
	<u>\$11,923,441</u>	<u>\$ 2,930,192</u>

ON BEHALF OF THE BOARD OF DIRECTORS

 **DIRECTOR**

 **DIRECTOR**

COMMUNITY SENIORS CO-OPERATIVE LIMITED
STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
<u>UNRESTRICTED NET ASSETS</u>		
Balance, beginning of year	\$ 87,509	\$ 44,265
Excess (deficiency) of revenues over expenses	(4,852)	43,543
Transfers to general reserve in year	<u>-</u>	<u>(299)</u>
Balance, end of year	<u>\$ 82,657</u>	<u>\$ 87,509</u>
<u>GENERAL RESERVE</u>		
Balance, beginning of year	\$ 483	\$ 184
Transfers from unrestricted net assets in year	<u>-</u>	<u>299</u>
Balance, end of year	<u>\$ 483</u>	<u>\$ 483</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUES		
Grants	\$ 60,349	\$ -
Donations	18,469	56,680
Interest	<u>206</u>	<u>151</u>
	<u>79,024</u>	<u>56,831</u>
EXPENSES		
Advertising	4,125	329
Dues, fees and licenses	30	30
Insurance	1,493	1,273
Interest and bank charges	300	78
Office	2,264	288
Professional fees	20,076	6,415
Rent	5,156	-
Telephone	1,039	-
Travel	907	-
Wages and benefits	<u>48,109</u>	<u>4,151</u>
	<u>83,499</u>	<u>12,564</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	(4,475)	44,267
OTHER		
Amortization	<u>(377)</u>	<u>(724)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ <u>(4,852)</u>	\$ <u>43,543</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (4,852)	\$ 43,543
Item not requiring an outlay of cash		
Amortization	<u>377</u>	<u>724</u>
	(4,475)	44,267
Changes in non-cash working capital items		
Receivables	53,823	30,119
Prepays	3,106	(3,472)
Payables and accruals	1,438,847	1,116,243
Deferred revenues	<u>2,861,994</u>	<u>(420,417)</u>
	<u>4,353,295</u>	<u>766,740</u>
FINANCING ACTIVITIES		
Decrease in bank indebtedness	-	(65,852)
Proceeds from issuance of members' share capital	125	66
Proceeds from long term debt	<u>3,869,757</u>	<u>704,818</u>
	<u>3,869,882</u>	<u>639,032</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(8,301,602)	(2,283,259)
Proceeds from deferred capital contributions	<u>827,938</u>	<u>663,054</u>
	<u>(7,473,664)</u>	<u>(1,620,205)</u>
CHANGE IN CASH	749,513	(214,433)
CASH, BEGINNING OF YEAR	<u>283,121</u>	<u>497,554</u>
CASH, END OF YEAR	<u>\$ 1,032,634</u>	<u>\$ 283,121</u>
CASH CONSISTS OF:		
Unrestricted	\$ 964,350	\$ 205,685
Restricted	<u>68,284</u>	<u>77,436</u>
	<u>\$ 1,032,634</u>	<u>\$ 283,121</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 co-operative 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
DECEMBER 31, 2023

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
DECEMBER 31, 2023

3. CASH

	<u>2023</u>	<u>2022</u>
Capital projects account	\$ 638,385	\$ 163,889
Share account	163,604	77,976
Fundraising account	127,549	20
Chequing account	103,096	37,267
Cash on hand	<u>-</u>	<u>3,969</u>
	1,032,634	283,121
Less: restricted cash	<u>(68,284)</u>	<u>(77,436)</u>
	<u>\$ 964,350</u>	<u>\$ 205,685</u>

4. TANGIBLE CAPITAL ASSETS

		<u>2023</u>		<u>2022</u>
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land		\$ 107,454	\$ -	\$ 107,454
Building	4%	10,556,157	-	10,556,157
Equipment	20%	193,461	-	193,461
Computers	55%	<u>2,223</u>	<u>611</u>	<u>1,612</u>
		<u>\$10,859,295</u>	<u>\$ 611</u>	<u>\$10,858,684</u>
				<u>\$ 2,557,693</u>

5. INTANGIBLE ASSETS

		<u>2023</u>		<u>2022</u>
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Website	55%	\$ <u>1,816</u>	\$ <u>1,549</u>	\$ <u>267</u>
				<u>\$ 593</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

6. DEFERRED REVENUES

Government assistance related to the construction of the building and preparation for operations is non-repayable and consists of the following:

	<u>2023</u>	<u>2022</u>
Grants	\$ 67,801	\$ 76,953
CMHC forgivable loan, forgivable over 10 years from date of project completion.	<u>2,871,146</u>	<u>-</u>
	<u>\$ 2,938,947</u>	<u>\$ 76,953</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

		<u>2023</u>		<u>2022</u>
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land		\$ 100,000	\$ -	\$ 100,000
Building	4%	1,527,169	-	837,488
Equipment	20%	136,221	-	-
Computer equipment	55%	<u>2,036</u>	<u>560</u>	<u>-</u>
		<u>\$ 1,765,426</u>	<u>\$ 560</u>	<u>\$ 937,488</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

8. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Canada Mortgage and Housing Corporation 2.96% mortgage, repayable in estimated monthly payments of \$11,981, principal and interest starting April 2024. 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 \$10,663,610.	\$ 3,749,575	\$ 404,818
Federation of Canadian Municipalities 5.20% mortgage, principal payments made semi-annually of \$9,052 plus interest, starting March 2025. Matures in 2053. Secured by a second priority mortgage, General Security Agreement, an assignment of insurance, and an assignment of rents/leases. The land and building have a net book value of \$10,663,610.	525,000	-
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 \$10,663,610. Matures January 30, 2024.	<u>300,000</u>	<u>300,000</u>
	4,574,575	704,818
Less: Current portion of long term debt	<u>318,936</u>	<u>1,346</u>
	<u>\$ 4,255,639</u>	<u>\$ 703,472</u>

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

2024	\$ 318,935
2025	51,911
2026	52,926
2027	53,970
2028	54,746

9. MEMBERS' SHARE CAPITAL

	<u>2023</u>	<u>2022</u>
Authorized:		
Unlimited number of shares, par value of \$10 if issued prior to June 2021 and \$1 if issued subsequently		
Issued and Outstanding		
346 shares (2022 - 221 shares)	<u>\$ 1,734</u>	<u>\$ 1,609</u>

COMMUNITY SENIORS CO-OPERATIVE LIMITED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

10. FINANCIAL RISKS

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

Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The co-operative is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

Liquidity risk

Liquidity risk is the risk that the co-operative will encounter difficulty in meeting obligations associated with financial liabilities. The co-operative 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 \$9,682,392.

