Financial Statements of

GEF SENIORS HOUSING

CONSOLIDATED SERVICE PROGRAMS

December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of GEF Seniors Housing - Consolidated Service Programs

Opinion

We have audited the financial statements of GEF Seniors Housing - Consolidated Service Programs (the management body), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the management body as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the management body 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the management body's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the management body or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities 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 auditor's 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 management body'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 management body's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the management body 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.

Edmonton, Alberta　　　　　Chartered Professional Accountants

GEF SENIORS HOUSING
CONSOLIDATED SERVICE PROGRAMS
Statement of Operations
Year ended December 31, 2023
(In thousands)

	Lodge Program	Affordable Housing Program	Resident Quality of Life Program	Total 2023	Total 2022
REVENUES					
Rent	$ 16,596	$ 4,208	$ -	$ 20,804	$ 19,812
City of Edmonton	4,900	-	-	4,900	4,900
Province of Alberta	4,898	784	-	5,682	4,561
Federal	87	-	-	87	6,955
Fair value on contributed land and building	-	2,666	-	2,666	-
Other revenue	5,268	554	1,700	7,522	6,664
	31,749	8,212	1,700	41,661	42,892
EXPENSES					
Personnel	22,436	1,689	-	24,125	23,276
Operating	4,374	530	37	4,941	4,614
Utilities	3,094	607	-	3,701	3,398
Amortization	1,683	2,320	-	4,003	3,859
Interest on long-term debt	-	542	-	542	520
Maintenance	1,562	544	-	2,106	1,659
Administrative	1,259	193	179	1,631	1,200
Taxes & Improvements	1	-	-	1	1
(Gain) on tangible capital asset disposal	(4)	-	-	(4)	-
	34,405	6,425	216	41,046	38,527
OPERATING EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(2,656)	1,787	1,484	615	4,365
Extraordinary revenues - COVID 19	930	8	-	938	2,417
Extraordinary expenses - COVID 19	(35)	-	-	(35)	(1,004)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES AFTER EXTRAORDINARY REVENUES AND EXPENSES	$ (1,761)	$ 1,795	$ 1,484	$ 1,518	$ 5,778

See accompanying notes to the financial statements

GEF SENIORS HOUSING
CONSOLIDATED SERVICE PROGRAMS
Statement of Financial Position
As at December 31, 2023
(In thousands)

	Lodge Program	Affordable Housing Program	Resident Quality of Life Program	Total 2023	Total 2022
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents (Note 3)	$ 4,213	$ 3,895	$ 4,321	$ 12,429	$ 2,069
Short-term investments (Note 4)	-	-	-	-	7,621
Accounts receivable	1,438	9	-	1,447	1,779
Current portion of Long-term receivable (Note 5)	-	8	-	8	8
Due from GEF - Seniors Self-Contained (Note 11)		-	-	-	340
Inventories	162	8	-	170	162
Prepaid expenses	617	231	-	848	657
	6,430	4,151	4,321	14,902	12,636
LONG-TERM RECEIVABLE (Note 5)	-	28	-	28	36
TANGIBLE CAPITAL ASSETS (Note 6)	17,994	70,006	-	88,000	90,232
	$ 24,424	$ 74,185	$ 4,321	$ 102,930	$ 102,904
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	3,150	220	6	3,376	4,742
Due to GEF - Seniors Self-Contained (Note 11)	450	-	-	450	-
Deferred revenues (Note 7)	47	2	-	49	53
Tenants' security deposits	326	142	1	469	449
Current portion long-term debt (Note 8)	-	614	-	614	592
	3,973	978	7	4,958	5,836
LONG-TERM DEBT (Note 8)	-	11,761	-	11,761	12,375
	3,973	12,739	7	16,719	18,211
NET ASSETS (Note 2)					
Tangible capital assets	16,855	58,230	-	75,085	12,331
Externally restricted	-	-	265	265	63,545
Internally restricted:					
Debt retirement	-	-	-	-	1,832
General	-	-	-	-	455
Capital reserve GEF	3,000	2,664	-	5,664	3,605
Restricted operating	605	-	-	605	150
Capital reserve Alberta Social Housing Corporation (ASHC)	-	552	-	552	-
Resident quality of life	-	-	4,049	4,049	2,565
Unrestricted surplus (deficit)	(9)	-	-	(9)	210
	20,451	61,446	4,314	86,211	84,693
	$ 24,424	$ 74,185	$ 4,321	$ 102,930	$ 102,904

See accompanying notes to the financial statements

APPROVED BY THE BOARD OF DIRECTORS:

"Signed" "Signed"

GEF SENIORS HOUSING
CONSOLIDATED SERVICE PROGRAMS
Statement of Changes in Net Assets
Year ended December 31, 2023
(In thousands)

		Restricted						Unrestricted			
	Invested in Tangible Capital Assets	Debt Retirement Reserve	General Reserve	Resident Quality of Life Reserve (Note 9)	Capital Reserve GEF	Capital Reserve ASHC	Operating Reserve	Lodge Surplus (Deficit)	Affordable Housing Surplus (Deficit)	Total 2023	Total 2022
BALANCE, BEGINNING OF YEAR	$ 75,611	$ 1,832	$ 455	$ 2,830	$ 3,605	$ -	$ 150	$ 210	$ -	$ 84,693	$ 78,915
Excess (Deficiency) of revenue over expenses	-	-	-	1,484	-		-	(1,761)	1,795	1,518	5,778
Consolidation of Restricted General and Operating Reserves	-	-	(455)	-	-		455	-	-	-	-
Transfer of Debt Retirement Reserve to Capital Reserve	-	(1,832)	-	-	1,832		-	-	-	-	-
Amortization of tangible capital assets	(4,003)	-	-	-	-		-	1,683	2,320	-	-
Interest on Capital Account, net of bank charges	73	-	-	-	-		-	(41)	(32)	-	-
Transfer of Capital Reserve grant for Buchanan Manor from ASHC					-	552			(552)		
Transfer of fair value on acquisition of Buchanan Manor	2,666	-	-	-	-		-	-	(2,666)	-	-
Transfer funds to Capital Reserve	-	-	-	-	53		-	-	(53)	-	-
Repayment of long-term debt	592	-	-	-	-		-	-	(592)	-	-
Transfer Affordable surplus (deficit) to Capital Reserve	-	-	-	-	174		-	-	(174)	-	-
Net purchases of property and equipment	146	-	-	-	-		-	(100)	(46)	-	-
BALANCE, END OF YEAR	$ 75,085	$ -	$ -	$ 4,314	$ 5,664	$ 552	$ 605	$ (9)	$ -	$ 86,211	$ 84,693

See accompanying notes to the financial statements

GEF SENIORS HOUSING
CONSOLIDATED SERVICE PROGRAMS
Statement of Cash Flows
Year ended December 31, 2023
(In thousands)

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 1,518	$ 5,778
Amortization of tangible capital assets	4,003	3,859
Accrued interest	-	(121)
Fair value of contributed land and building	(2,666)	-
Gain on disposal of tangible capital assets	(4)	-
Net changes in non-cash working capital:		
Decrease (increase) in accounts receivable	332	(711)
Increase (decrease) in inventories	(8)	6
Increase (decrease) in prepaid expenses	(191)	118
Decrease in accounts payable and accrued liabilities	(1,366)	(599)
Decrease (increase) in due to/from GEF - Seniors Self Contained	790	(316)
Decrease in deferred revenue	(4)	(192)
Increase in tenants' security deposits	20	4
	2,424	7,826
FINANCING ACTIVITIES		
Repayment of long-term debt	(592)	(2,139)
	(592)	(2,139)
INVESTING ACTIVITIES		
Repayment of loan receivable	8	8
Redemption (purchase) of short-term investments	7,621	(7,500)
Write off of work in progress	1,053	-
Purchase of tangible capital assets	(158)	(6,670)
Disposal of tangible capital assets	4	-
	8,528	(14,162)
INCREASE (DECREASE) IN CASH DURING THE YEAR	10,360	(8,475)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,069	10,544
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 12,429	$ 2,069
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Lodge Program cash and cash equivalents	$ 4,213	$ (3,281)
Affordable Housing Program cash and cash equivalents	3,895	3,013
Resident Quality of Life Program cash and cash equivalents	4,321	2,337
	$ 12,429	$ 2,069

See accompanying notes to the financial statements

(In thousands)

Note 1
Nature of Operations

GEF Seniors Housing (the "management body") was established as a management body on January 1, 1996 by Provincial Ministerial Order and is governed by the Alberta Housing Act (1994) and its regulations. The management body is a not-for-profit organization operating and managing social programs aimed at providing affordable housing to low-income seniors in Edmonton, Alberta. The management body qualifies as a non-profit organization as defined in the Income Tax Act (Canada) and, as such, is exempt from income taxes.
The management body manages senior citizen housing owned by the City of Edmonton, the Province of Alberta and the management body. GEF Seniors Housing - has three different programs:

a) Lodge Program: The operating program reports the management body's program delivery and administrative activities, excluding the operations of the management body's affordable housing projects. This fund reports unrestricted resources, operating grants and tangible capital assets, including land, buildings, equipment and furniture.

b) Affordable Housing Program: The affordable housing program reports the management body's unrestricted resources earned from affordable housing projects. This program includes the operations of Rosslyn Terrace, Ottewell Terrace, and Sakaw Terrace which are required by the Province of Alberta to be self-sustaining under the conditional capital grant funding agreement. This also includes tangible capital assets including land, buildings, equipment and furniture. This program also includes the operations of other owned properties of the management body which are not part of the Lodge Program.

c) Resident Quality of Life Program: The resident qualifty of life program reports the following:

- Quality of Life Program funds raised from community campaigns or by residents for resident programs;
- Funds raised for the Building for Life community campaign which will be used for the future construction of buildings; and
- Donations made through specific bequests used for purposes specified by the donor.

Note 2
Significant Accounting Policies

Basis of Presentation
These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organization (ASNPO):

This housing is primarily administered by two distinct and separate programs under the Alberta Housing Act (1994) and its regulations. These programs are the lodge program and self-contained apartment program.

The self-contained apartment program has not been consolidated in the management body's financial statements. All revenue, expenses, assets, liabilities and net assets of this program are excluded from these financial statements due to the lack of control the management body's Board of Directors has over its strategic policies, and, in particular, the use of reserves and accumulated surplus. Financial statements of this program are available upon request. Financial summaries of this program as at December 31, 2023 and 2022 and for the years then ended are as follows:

Financial position	2023	2022
Total assets	$ 5,137	$ 7,775
Total liabilities	5,137	7,775
Total net assets	nil	nil
	$ 5,137	$ 7,775

(In thousands)

Note 2
Significant Accounting Policies, continued

Basis of Presentation (continued)	2023	2022
Results of operations		
Total Revenue	$ 17,704	$ 18,355
Total expenses (including fees charged by the Foundation for maintenance and administration $2,856 (2021 - $2,457)	15,663	16,491
Excess of revenues over expenses	$ 2,041	$ 1,864
Cash flows		
Cash from (used by) operating activities	$ (1,390)	$ 3,419
Cash used by financing and investing activities	1,612	(4,949)
Increase (decrease) in cash during the year	$ 222	$ (1,530)

The fees charged by the management body are received in the normal course of operations.

Cash and cash equivalents
Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date. Cash acccounts are interest bearing.

Short-term investments
Short-term investments consist of non-redeemable guaranteed investment certificates that mature within one year.

Inventories
Inventories of food supplies are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. During the year $81,497 (2022 - $150,943) was expensed.

Tangible Capital Assets
Tangible capital assets are recorded at cost and amortized over their useful lives. Amortization is recorded on the straight-line basis at the following rates:

Land Improvement	12 years
Buildings	40 years
Building improvements	8 to 25 years
Equipment	3 to 15 years
Furniture	10 years

Tangible capital assets acquired but not available for use are not amortized.

Construction in progress is not amortized until they are placed in use and are included in tangible capital assets.

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is wirtten down to the asset's fair value or replacement cost. The write down of tangible capital assets is recorded as an expense in the statement of operations. A write down shall not be reversed.

Fund Accounting
The Management Body follows the restricted fund method of presentation. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified in accordance with directives issued by the Board of Directors. Transfers between the Funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are recorded as a component of changes in fund balances.

Three funds have been established to account for these activities and are outlined in Note 1.

Note 2
Significant Accounting Policies, continued

Reserves
The Management Body's internally restricted funds are comprised of:

Debt Retirement Reserve
The debt retirement reserve is designated for repayment of mortgages as they come due. This reserve is funded by designated cash and income earned by it. Funding of and expenditures from this reserve must be approved by the Board of Directors.

Capital Reserves
The Capital Reserves are designated for all capital expenditures. Funding of and expenditures from these reserves require approval: (1) Lodge Program - City of Edmonton and Board of Directors; (2) Affordable Housing Program - Board of Directors.

Operating Reserve
The restricted operating reserve is designated for Lodge Program which, major unforeseen expenditures and major unbudgeted expenditures. Funds unexpended after 12 months after the year ending the initial contribution must be transferred to the debt retirement reserve up to $150 if it's applicable. Funding of and expenditures exceeding $150 from this reserve must be approved by the Board of Directors. The Board of Directors approved the consolidation of the General and Operating Reserve.

Resident Quality of Life Reserves
The resident quality of life reserve is designated for funds raised by residents for resident programs, the Building for Life community campaign as well as the funds donated by residents through specific bequests. The resident quality of life expenditures and specific bequest donations do not require the Board of Directors approval; however expenditures for the purpose of the Building for Life community campaign do require the Board of Director's approval.

Revenue Recognition
The management body follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the Lodge Program Fund. Restricted contributions relating to affordable housing project operations are recognized as revenue of the Affordable Housing Program Fund. All other restricted contributions are recognized as revenue in the appropriate restricted fund. Unrestricted contributions and rent income are recognized as revenue of the Lodge Program Fund or Affordable Housing Program Fund as applicable, in the year received or receivable; if the amount can be reasonably estimated and collection is reasonably assured. Interest income earned on investments is recognized as revenue in the corresponding restricted fund. Rental revenues are recognized at the beginning of the rental month in accordance with rental agreements. Government assistance is recognized as other income in the year the related expenses are incurred.

Note 2
Significant Accounting Policies, continued

Contributed goods and services
The management body recognizes contributed goods at fair value at the date of contribution to the extent that the fair value can be reasonably determined. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

Measurement
The management body initially measures its financial assets and financial liabilities at fair value.

The management body subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, short-term investments and accounts receivable, due from GEF - Seniors Self-Contained and long-term receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to GEF - Seniors Self-Contained and long-term debt.

Impairment
Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Use of Estimates
The preparation of financial statements in conformity with Canadian Accounting Standards Not-for Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates, which include the useful lives of tangible capital assets, collectability of accounts receivable and accrued expenses are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(In thousands)

Note 3
Cash and cash equivalents

Cash is maintained through the management bodys' bank and earns interest at prime less 1.9%. The Premium Investment savings account earns interest at 0.3%. The management body has available $2,000,000 revolving loan with interest at prime plus 0.5% with security provided by a general security agreement and collateral mortgage in the amount of $2,000,000 on the management body's land. As of December 31, 2023, the management body had not drawn on the revolving loan.

Note 4
Short-term Investments

Short-term investments consisted of one guaranteed investment certificate bearing interest at 4.30% per annum. The GIC matured August, 2023.

Note 5
Loan Receivable

	2023	2022
Primrose Place Family Centre Loan receivable bearing interest at 3.87%, repayable in monthly blended payments totaling $814. The loan matures in December 2027 and is secured by an air conditioner unit.	36	44
	36	44
Less: current portion of loan receivable	(8)	(8)
	$ 28	$ 36

Note 6
Tangible Capital Assets

	Cost	Accumulated Amortization	2023 Net	2022 Net
Land	$ 2,815	$ -	$ 2,815	$ 2,515
Land Improvement	1,637	790	847	976
Buildings	116,450	35,879	80,571	81,318
Building improvements	6,084	5,033	1,051	1,303
Construction in progress	393	-	393	1,433
Equipment	6,113	4,102	2,011	2,308
Furniture	1,840	1,528	312	379
	$ 135,332	$ 47,332	$ 88,000	$ 90,232

Note 7
Deferred Revenues

Deferred revenue consists of future rents and grants that will be recognized as revenue in 2024 as follows.

	2022 Balance	Revenue Deferred during the Year	Revenue Recognized during the current Year	2023 Balance
Edmonton Community Foundation	8	-	(8)	-
Future rent collected	45	584	(580)	49
	$ 53	$ 584	$ (588)	$ 49

(In thousands)

Note 8
Long-Term Debt

	2023	2022
Sakaw Terrace		
Banker's Acceptance agreement maturing February 22, 2039 with interest rate swap agreement at a fixed rate 2.85% plus stamping fees 0.90% per annum.	12,375	12,967
	12,375	12,967
Less: current portion of mortgage payable	614	592
	$ 11,761	$ 12,375

Principal repayment terms are approximately:

2024	614
2025	638
2026	661
2027	687
2028	713
Thereafter	9,062
	$ 12,375

Note 9
Resident Quality of Life Reserve

	2023	2022
Resident quality of life fundraising	$ 1,562	$ 892
Building for Life community campaign	2,487	1,673
Lodge specific bequest donations	265	265
	$ 4,314	$ 2,830

Note 10
Pension Plan

The management body participates in a multi-employer, defined benefit plan. Total pension contributions during 2023 were $1,293 (2022 - $1,464). The management body is required to make current service contribution to the Plan of 8.45% (2022 - 8.45%) of pensionable earnings up to the current year's maximum pensionable earnings under the Local Authorities Pension Plan and 12.23% (2022 - 12.80%) on pensionable earnings above this amount.

Note 11
Due to (from) GEF - Seniors Self-Contained

The management body is related to Seniors Self-Contained Operations and Verkhovyna St. Josaphat's Senior Citizen's Home through a common management team. As of February 1, 2023, Verkhovyna St. Josaphat's Senior Citizen's Home management was transferred to another management body. During the year, certain employees of the management body may provide services to these related parties as the need arises.

Included in due to apartment operations is $450 payable (2022 - $303 receivable) to Seniors Self Contained Operations and $NIL receivable (2022 - $37 receivable) from Verkhovyna St. Josaphat's Senior Citizen's Home. During the year, the Management Body received $1,479 (2022 - $1,212) and $9 (2022 - $107) in administration support from Seniors Self-Contained Operations and Verkhovyna St. Josaphat's Senior Citizen's Home, respectively.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Note 12
Risk Management

The management body's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, long-term receivable, due to (from) GEF - Seniors Self-Contained, accounts payable and accrued liabilities, and long-term debt.

The management body is exposed to the following risks through its financial instruments:

Credit risk
Credit risk arises from the potential that a counter party will fail to perform its obligations. The management body is exposed to credit risk from its tenants. The management body has a significant number of tenants which minimizes concentration of credit risk.

Interest rate risk
Interest rate risk is the risk that the fair value of a financial instrument will be impacted by changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the management body manages exposure through its normal operating and financing activities. The management body is exposed to interest rate price risk as long-term investments and long-term debt bear interest at fixed rates.

Liquidity risk
Liquidity risk is the risk that the management body will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the management body not being able to liquidate assets in a timely manner at a reasonable price. The management body meets its liquidity requirements by preparing and monitoring detailed budgets of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

There have been no changes to the risk exposures that were identified in the previous year.

Note 13
Annual Budget Surplus

The management body recognizes that the City of Edmonton (the "City") has an interest in any budget surpluses

(a) The management body's audited financial statements shall be used to determine the amount of the annual budget surplus or deficit for the year, if any.

(b) Items included in the management body's year end audited Statement of Operations that the City is not responsible to fund shall be excluded from the calculation. These include but are not limited to such items as depreciation, amortization, surplus/deficit from the Senior Self Contained operations and any special projects that the management body and the City have agreed are not part of the City's funding responsibility.

(c) Items excluded in the management body's year end audited Statement of Operations that the City is responsible to fund shall be included in the calculation. These include but are not limited to debt principal repayment, capital costs and any special projects that the management body and the City have agreed are part of the City's funding responsibility.

The 2023 surplus was calculated as follows:		
Excess of revenues over expenditures of the Lodge Program Fund:	$	(1,761)
Less:		
Tangible capital assets amortization		1,683
Equipment purchases excluding major capital projects		(100)
Transfer of interest, net of bank charges on capital bank account to invested in tangible capital assets		(41)
Total operating annual surplus (deficit)	$	(219)

The annual surplus calculated in accordance with a, b, and c shall be retained by the management body for either paying down debt or for new construction. Prior approval by the management body Board of Directors and City Council is required for new construction.