

Horizon Housing Society

Financial Statements
March 31, 2014 and 2013



June 9, 2014

Independent Auditor's Report

To the Directors of Horizon Housing Society

We have audited the accompanying financial statements of Horizon Housing Society, which comprise the statements of financial position as at March 31, 2014 and the statements of operations and changes in fund balances and cash flows for the year ended March 31, 2014, and the related notes, which comprise 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The Society amortizes certain of its buildings and furniture and fixtures, which represented as at March 31, 2014 \$4,239,619 (March 31, 2013 - \$4,209,516) of the property and equipment cost, at a rate equal to the annual principal reduction of the related mortgages as specified under agreements with Canada Mortgage and Housing Corporation ("CMHC"), the financier of the mortgages and Alberta Municipal Affairs ("AMA"). For March 31, 2014, this constitutes a departure from accounting standards for not-for-profit organizations. In order to be consistent with the Society's policy on buildings and furniture and fixtures not financed by CMHC, buildings would need to be amortized at 4% declining balance and furniture and fixtures would need to be amortized on a 20% straight line. The Society records indicate that if amortization on the building had been provided on the basis of 4% declining balance and 20% straight line for furniture and fixtures, amortization would have decreased and excess of revenue over expenditure would have increased for the current year by \$13,746 (March 31, 2013 - \$92,093), property and equipment would have decreased by \$1,100,204 (March 31, 2013 - \$1,113,952) and closing balance of fund balances would have decreased by \$1,100,204 (March 31, 2013 - \$1,113,952).

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Horizon Housing Society as at March 31, 2014 and the results of its operations and cash flows for the years ended March 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

Horizon Housing Society
Statements of Financial Position
As at March 31, 2014 and 2013

	2014	2013
	\$	\$
Assets		
Current		
Cash	1,879,377	3,623,519
Restricted cash (note 11)	713,933	649,320
Short-term investment	1,700,818	-
Subsidy and miscellaneous receivables	81,018	59,424
Prepaid expenses	54,963	46,991
Due from Horizon West (note 7)	23,615	-
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	4,453,724	4,379,254
Long-term investment	414,341	-
Property and equipment (note 5)	33,009,528	34,074,680
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	37,877,593	38,453,934
Liabilities		
Current		
Accounts payable and accrued liabilities	300,351	206,667
Accrued interest payable	29,059	31,208
Excess subsidies due to CMHC and AMA (note 4)	27,597	69,342
Deferred and unearned revenue	59,254	16,624
Security deposits payable	164,790	161,737
Current portion of long-term debt (note 6)	402,842	715,005
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	983,893	1,200,583
Long-term liabilities (note 6)	7,233,571	7,287,590
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	8,217,464	8,488,173
Fund balances		
Unrestricted	692,690	291,608
Invested in property and equipment	26,562,542	27,305,181
Internally restricted (note 10)	690,448	687,464
Externally restricted (note 11)	1,714,449	1,681,508
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	29,660,129	29,965,761
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	37,877,593	38,453,934
Commitments (note 16)		

Approved by the Board of Directors

Signed
 Wade Paget

Signed
 Ian MacDonald

Horizon Housing Society

Statements of Operations and Changes in Fund Balances

For the years ended March 31, 2014 and 2013

	General Fund \$	Capital Fund \$	New Growth Fund \$	2014 \$	2013 \$
Revenue					
Rental revenue	2,503,676	-	-	2,503,676	2,416,945
Subsidy revenue (note 12)	847,680	-	-	847,680	688,550
Forgiveness of debt	43,668	8,533	-	52,201	52,201
Donations and fundraising revenue	500	-	140,265	140,765	210,974
Government grants	-	-	-	-	916,722
Sundry revenue	247,332	-	-	247,332	237,759
Interest	44,993	-	7,286	52,279	24,196
	3,687,849	8,533	147,551	3,843,933	4,547,347
Interest expense funded by CMHC	35,803	-	-	35,803	35,804
	3,723,652	8,533	147,551	3,879,736	4,583,151
Expenditures					
Amortization	-	1,130,125	-	1,130,125	1,250,975
Bad debts	15,213	-	-	15,213	30,582
Insurance	82,335	-	-	82,335	81,386
Interest on long-term debt	359,182	-	-	359,182	382,447
Office and administration	243,233	-	209	243,442	220,986
Property taxes	18,882	-	-	18,882	75,821
Repairs and replacements	548,146	-	-	548,146	584,079
Salaries and employee benefits	1,117,360	-	-	1,117,360	999,028
Utilities	515,601	-	-	515,601	483,628
Fundraising expenses	2,238	-	152,844	155,082	68,835
	2,902,190	1,130,125	153,053	4,185,368	4,177,767
Distributed to Horizon West Housing Society (note 7)	-	-	-	-	100,000
	2,902,190	1,130,125	153,053	4,185,368	4,277,767
Excess (deficiency) revenue over expenditures	821,462	(1,121,592)	(5,502)	(305,632)	305,384
Fund balances – Beginning of year,	1,627,801	27,305,181	1,032,779	29,965,761	29,660,377
Interfund transfer – fixed asset additions	(64,973)	64,973	-	-	-
Interfund transfer – repayment of long-term debt	(313,980)	313,980	-	-	-
Fund balances – End of year	2,070,310	26,562,542	1,027,277	29,660,129	29,965,761

Horizon Housing Society
Statements of Cash Flows
For the years ended March 31, 2014 and 2013

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess (Deficiency) of revenue over expenditures for the year	(305,632)	305,384
Items not affecting cash		
Amortization	1,130,125	1,250,975
Forgiveness of debt	(52,201)	(58,935)
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	772,292	1,497,424
Changes in non-cash working operating items		
Subsidy and miscellaneous receivables	(21,594)	31,695
Prepaid expenses	(7,972)	46,384
Accounts payable and accrued liabilities	93,684	(121,243)
Accrued interest payable	(2,149)	(1,211)
Excess subsidies due to CMHC and AMA	(41,745)	48,999
Deferred and unearned revenue	42,630	(14,718)
Security deposits payable	3,053	9,958
Due from Horizon West	(23,615)	-
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	814,584	1,497,288
Financing activities		
Repayment of long-term liabilities	(313,981)	(296,172)
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Investing activities		
Purchase of property and equipment	(64,973)	(22,949)
Increase in restricted cash	(64,613)	(31,670)
Short-term investments	(1,700,818)	-
Long-term investments	(414,341)	-
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	(2,244,745)	(54,619)
(Decrease) increase in cash	(1,744,142)	1,146,497
Cash – Beginning of year	3,623,519	2,477,022
	<hr/>	<hr/>
Cash – End of year	1,879,377	3,623,519
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Supplementary information		
Interest paid	360,533	383,658

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

1 Basis of operations

Horizon Housing Society (the “Society”) was incorporated under the Societies Act of Alberta. The Society was granted charitable status in April 1998, which exempts the organization from being subject to income taxes under Section 149 (1)(f) of the Income Tax Act of Canada. The Society acquires land and buildings for the purpose of providing appropriate homes in an integrated environment for people with mental health challenges or other special needs.

2 Significant accounting policies

The financial statements of the Society have been prepared by management in accordance with ASNPO except for the specific policies and practices as outlined by Canada Mortgage and Housing Corporation (“CMHC”) and Alberta Municipal Affairs (“AMA”), which require that properties are amortized at a rate equal to the annual principal reduction of the related mortgages. In this respect, these financial statements are not, and are not intended to be, in accordance with ASNPO.

a) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

b) Fund accounting

The Society follows the Restricted Fund Method for accounting for contributions. The Society maintains the following Funds:

- The General Fund contains the assets, liabilities, revenue and expenses related to the Society’s operating activities. This fund is comprised of both internally and externally restricted replacement and operating reserves (note 10 and 11).
- The Capital Fund contains the assets, liabilities, revenue and expenses related to the Society’s property, plant and equipment.
- The New Growth Fund contains the assets, liabilities, revenues and expenses related to new initiatives of the Society. This fund is comprised of both internally and externally restricted building reserves (note 10 and 11).

c) Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or if no restricted fund exists, they are recognized in the General Fund when the related expenditures are

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

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

Revenue from rental of the properties, including subsidies is recognized in the period earned, on a pro-rata basis over the lease term in the General Fund.

d) Contributed assets, materials and services

Contributed assets, materials and services are recorded at fair value at the date of the donation only when the fair value can be reasonably estimated and when the assets, materials and services are used in the normal course of the Society's operations and would otherwise have been purchased. The value of contributed assets, materials and services in 2014 was \$450 (March 31, 2013 - \$nil).

e) Property and equipment

Property and equipment that are under the agreement with CMHC are recorded at cost, and buildings and furniture and fixtures are amortized at a rate equal to the annual principal reduction of the related mortgages as specified under agreements with CMHC.

Capital improvements funded by RRAP loans are amortized on a 4% straight line basis.

Property and equipment that are not under the agreement with CMHC are recorded at cost and are amortized over their estimated useful life as follows:

Buildings	4% declining balance
Furniture and equipment	20% straight line

f) Allocated expenditures

In the course of its operations, management allocates certain expenditures between Horizon Housing Society and Horizon West Housing Society on the basis of its best estimates of the utilization of staff and services. The method of allocation is consistent with prior years.

g) Cash

Cash consists of cash on hand and bank balances.

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

h) Financial instruments

The Society initially measures financial assets and financial liabilities at their fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash, restricted cash, subsidy and miscellaneous receivables. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

i) Investments

Investments consist of guaranteed investment certificates. The guaranteed investment certificates are cashable prior to their maturity date, subject to an interest penalty. Investments are carried at cost with accrued interest recognized directly in the statement of operations as investment income. Investments with maturity within one year have been classified as short-term investments.

3 Land lease

a) Bob Ward Residence

The land on which the Bob Ward Residence is located, is owned by the City of Calgary, who have provided it to the Society under a lease. The terms of the lease are that 20% of any annual surplus from the building is to be paid to the City of Calgary for the period between 2022 and 2027. The payment is due upon exercising the first renewal option in 2027.

b) Alice Bissett Place

The land on which the Alice Bissett building is located is owned by the City of Calgary, who have provided it to the Society under a lease. The term is 25 years from the commencement date of July 1, 2007. The renewal term is 5 years with 7 options to renew. A rental payment of \$10 per annum is payable on the commencement date and thereafter on each anniversary of the commencement date.

As a condition of the land lease, the building must only be used and occupied for affordable housing and not for any other purpose.

In addition, the Society must not substantially change the use of the building or mix of occupants of the building for a period of at least ten years from the date of the occupancy permit for the site.

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

4 CMHC assistance and AMA assistance

During the year, the Society obtained financial assistance from CMHC and AMA, directly relating to certain properties that have operating agreements with these entities. In any year that the Society has revenue in excess of expenses, in a project that is funded as a result of one of these operating agreements calculated on a project by project basis, it may be asked to refund the excess. At year end, the best estimate of subsidies due to CMHC and AMA has been calculated by reference to formulae prescribed by the relevant funder. Subsidies payable at year end, include \$nil (March 31, 2013 – \$31,136) for Horizon 14 and \$27,597 (March 31, 2013 – \$38,206) for Horizon Park. The estimated subsidy repayable is recorded against the subsidy revenue received during the year.

5 Property and equipment

	2014		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	5,261,215	-	5,261,215
Building	35,654,934	7,983,048	27,671,886
Furniture and fixtures	186,409	109,982	76,427
	41,102,558	8,093,030	33,009,528

	2013		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	5,261,215	-	5,261,215
Building	35,589,961	6,862,408	28,727,553
Furniture and fixtures	186,409	100,497	85,912
	41,037,585	6,962,905	34,074,680

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

6 Long-term liabilities

A summary of the Society's outstanding liabilities are as follows:

a) Long-term debt

Property	Interest Rate	Mortgage held with	Monthly Instalment Amount (including interest) \$	Remaining Amortization period	Renewal Date	2014 \$	2013 \$
Horizon 14	9.88%	CMHC	14,826	14 years 5 months	September 2028	1,655,653	1,706,434
Albert House	1.62%	CMHC	840	13 years 10 months	March 2018	125,626	133,612
Keith House	2.65%	CMHC	551	15 years 8 months	February 2015	85,076	89,378
Horizon Park	1.67%	CMHC	8,900	4 years	April 2018	406,618	501,157
Miner House	4.39%	Royal Bank of Canada Canada Mortgages Loans	1,480	7 years 8 months	July 2015	115,359	127,820
Horizon on 8 th	4.20%	Services Canadian Mental Health Association	7,758	21 years	June 2015	1,311,443	1,349,076
Miner House	N/A – *	Association	-	-	-	40,000	40,000
Heritage Gardens	3.37%	TD Bank	19,171	22 years 7 months	December 2021	3,659,880	3,766,158
Less: Current portion						<u>7,399,655</u>	<u>7,713,635</u>
						<u>402,842</u>	<u>715,005</u>
						<u>6,996,813</u>	<u>6,998,630</u>

If the amount was in default, then interest would accrue at 8%.

Long term debt amount due to Calgary Mental Health Association for Miner House is non – interest bearing with no repayment terms.

The following land and buildings have been pledged as collateral for the above loans and have a net book value of \$17,599,092 (March 31, 2013 – \$18,076,258).

- Horizon 14
- Horizon Park
- Albert House
- Keith House
- Miner House
- Horizon on 8th
- Heritage Gardens

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

Principal repayments required under the terms of the above mortgages and loans are as follows:

	\$
2015	402,842
2016	1,652,058
2017	288,587
2018	393,371
2019	210,484
Future years	<u>4,452,313</u>
	<u>7,399,655</u>

b) Forgivable loans

In the past, the Society completed repairs to Horizon Park, the Bob Ward Residence, Horizon on 8th, Horizon 14 and completed capital upgrades to Hamilton House, all of which were financed through Residential Rehabilitation Assistance Program and other forgivable loans as follows:

			<u>2014</u>	<u>2013</u>
	<u>Original loan</u>	<u>Forgiven in</u>	<u>Unforgiven</u>	<u>Unforgiven</u>
	\$	current year	balance	balance
		\$	\$	\$
Horizon Park	208,529	26,066	45,616	71,682
Horizon 14	162,000	10,800	51,300	62,100
Horizon 14	238,093	6,802	68,018	74,822
Hamilton House	128,000	8,533	71,824	80,356
	<u>736,622</u>	<u>52,201</u>	<u>236,758</u>	<u>288,960</u>

As long as the Society continues to rent the number of assisted rental units to tenants at or below the established income threshold, the loans will continue to be forgiven to maturity. If the Society increases the rent, sells or transfers the property during the period of the loans, CMHC must be informed immediately and a portion or the total outstanding balance of the loans including the unearned forgivable portion, plus interest, will become due and payable.

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

7 Related party transactions

The Society and Horizon West Housing Society (“HWHS”) have the same Board of Directors and are under common management. HWHS has not been consolidated in the Society’s financial statements, but its financial statements are available on request. HWHS was incorporated on March 25, 1998 under the Societies Act of Alberta and commenced operations on August 1, 1998. HWHS is a non-profit organization that acquires land and buildings for the purpose of providing residential housing opportunities for persons with mental illness. In support of this primary objective and in support of the principle of community integration, housing is also provided for other people in need, including, but not limited to, persons with physical disabilities and persons below the poverty line. As a non-profit organization, the HWHS is exempt from income taxes under Section 149 (1)(l) of the Income Tax Act of Canada.

The following is condensed financial information included in the financial statements of HWHS as at March 31, 2014. These statements were prepared using the same accounting policies as Horizon Housing Society.

	2014 \$	2013 \$
Financial position		
Total assets	1,335,585	1,637,479
Total liabilities	2,672,958	3,104,522
Total net deficiency	(1,337,373)	(1,467,043)
	<u>1,335,585</u>	<u>1,637,479</u>
Results of operations		
Revenue	1,323,670	1,390,437
Expenditures	1,194,000	1,246,116
Excess (Deficiency) of revenue over expenditures	<u>129,670</u>	<u>144,321</u>
Cash flows		
Cash flows from operating activities	521,549	598,617
Cash flows from investing activity	(127,415)	(47,235)
Cash flows utilized in financing activities	(484,327)	(475,425)
(Decrease) increase in cash	<u>(90,193)</u>	<u>75,957</u>

During the year, the Society contributed an amount of \$nil (2013 – \$100,000) to HWHS to increase replacement reserve funds. Balances due from related party at March 31, 2014 were \$23,615 (2013 – \$nil) are non-interest bearing, unsecured and have no set terms of repayment.

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

8 Goods and services tax

The Society is designated a municipality pursuant to subsection 259(1) of the Excise Tax Act in respect of its housing units in a housing project that are supplied to tenants on a rent-geared-to-income basis. As such, the Society is eligible for a 100% rebate of the GST for property and services that related to its municipal activities in respect of which tax became payable on or after February 1, 2004.

Goods and services tax (GST) is accounted for as follows:

a) Charitable portion

- One half of the GST paid (non-refundable portion) is recorded in the individual expense accounts where the original expenditure is recorded; and
- One half of the GST paid (refundable portion) is recorded in the GST recoverable amount and is included in subsidy and miscellaneous receivables for financial statement purposes.

b) Municipality portion

- All of the GST paid for the municipal portion may be claimed as an input tax credit.

9 Financial instruments

The Society holds various forms of financial instruments as disclosed in note 2. The nature of these instruments and its operations expose the Society to risks as follows:

Interest rate risk

The Society is exposed to interest rate risk through its fixed rate borrowings as the value of long-term debt will fluctuate as a result of changes in market rates. At March 31, 2014, the Society had fixed interest rates on its long-term obligations at effective rates of 1.62% - 9.88% (2013– 1.62% to 9.88%). The Society also has non-interest bearing mortgage with interest calculated at 8% in the event of default.

The Society is also exposed to interest rate risk through variable rate borrowings on long-term debt as the interest payments will fluctuate as a result of changes in market rates. As at March 31, 2014 if interest rates had increased or decreased by 1%, with all other variables held constant, interest paid in the year would change by \$73,997.

Credit risk

During the year, all of the Society's cash and investments were held at one financial institution. Accordingly, the Society is subject to the risks associated with that financial institution.

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they become due. The Society's approach to managing liquidity risk is to ensure that it receives sufficient revenues to meet debt obligations. The Society has a \$300,000 line of credit available. At year end the Society has utilized \$nil (March 31, 2013 - \$nil).

10 Internally restricted fund balances

a) Replacement Reserve

Internally Restricted Replacement Reserve – A replacement reserve has been established by the Board of Directors to facilitate the repair or replacement of major building components as approved by the Board of Directors as follows:

	2014 \$	2013 \$
Balance – Beginning of the year	448,241	453,123
Internally restricted by the Board of Directors during the year	204,000	157,000
Expended on repairs and replacements	(206,962)	(165,513)
Other	4,466	3,631
Balance – End of year	<u>449,745</u>	<u>448,241</u>

b) Building Reserve

Internally Restricted Building Reserve – A building reserve has been established by the Board of Directors and is determined on the basis of revenues generated from non-funded activities. The reserve will be used to fund the building of new residential projects as determined by the Board of Directors.

	2014 \$	2013 \$
Balance – Beginning of year	591	591
Additions	-	-
Expended during the year	-	-
Balance – End of year	<u>591</u>	<u>591</u>

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

c) Operating Reserve

Internally Restricted Operating Reserve – An operating reserve has been established by the Board of Directors to provide a cushion against future unexpected cash flow shortages, expenses or losses. The Board of Directors may also use the reserve to pay unexpected and unbudgeted expenses like building repairs, renovations, technology upgrades or other societal initiatives as deemed appropriate. As a guideline, the maximum amount in the operating reserve should be 5% to 10% of the annual operation budget or as related to the 2013/2014 budget, \$175,355 to \$350,710.

	2014 \$	2013 \$
Balance – Beginning of year	238,632	230,919
Additions – Internally restricted by the Board of Directors	1,481	7,713
Expended during the year	-	-
Balance – End of year	<u>240,113</u>	<u>238,632</u>
Total internally restricted fund balances	<u>690,448</u>	<u>687,464</u>

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

11 Externally restricted fund balances

a) Replacement reserve

Externally Restricted Replacement Reserve – Under agreements with CMHC and AMA for certain specific properties, the Society is required to make annual contributions to a separate replacement reserve account. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC or AMA. The funds in the accounts may only be used as approved by CMHC or by AMA. Withdrawals are applied to interest first and then principal.

	2014 \$	2013 \$
Balance – Beginning of the year	649,320	617,650
Additions during the year		
Horizon 14 – CMHC	70,000	60,000
Albert House – AMA	5,000	5,000
Keith House – AMA	2,000	2,000
Horizon Park – AMA	25,200	25,200
Interest	6,722	4,717
Repairs and replacements	(69,497)	(46,148)
Other	(982)	(19,099)
Balance – End of year	<u>687,763</u>	<u>649,320</u>

b) Building reserve

Externally Restricted Building Reserve – Represents amounts restricted by contributors to be used for particular building projects as follows:

	2014 \$	2013 \$
Balance – Beginning of year	1,032,188	100,352
Additions	147,551	1,056,351
Utilized	(153,053)	(124,515)
Balance – End of year	<u>1,026,686</u>	<u>1,032,188</u>
Total externally restricted fund balances	<u>1,714,449</u>	<u>1,681,508</u>

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

12 Subsidy schedule

	2014	2013
	\$	\$
Subsidy revenue		
Private landlord rent supplement (PLRS)	478,234	385,602
Alberta Municipal Affairs	175,627	159,813
CMHC – Section 95 Assistance	113,183	62,584
CMHC – Rent supplement	73,164	74,801
CMHA Rent subsidy	7,472	5,750
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	847,680	688,550
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13 Renovation and Retrofit Initiative

In 2010, the Society received government funding from CMHC for Renovation and Retrofit of \$186,032. The Society was required to register a collateral mortgage in favour of CMHC for the value of \$177,109.

As long as the Society continues to maintain its not-for-profit status and continues to own, operate, use and maintain the lands and premises to provide housing benefits to low and moderate-income households, for a period of at least 10 years it will not be in breach of the terms of the contribution agreement. Failure to comply with any of these conditions on or before January 19, 2020 would constitute a breach and the entire amount of the contribution would, at the option of the CMHC, be immediately due and payable.

14 Statutory disclosures

As required under Section 7(2) of the Charitable Fundraising Act of Alberta, the Society discloses the following:

	2014	2013
	\$	\$
Remuneration to employees whose principle duties involve fundraising	44,627	22,147

15 Government Remittances

Government remittances consist of sales taxes and payroll withholding taxes required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances outstanding as at March 31, 2014, \$15,498 (2013 - \$21,992) is included within accounts payable and accrued liabilities.

16 Commitments

The society is committed to pay rental fees and fees for administrative contracts as a result of lease agreements and contracts in 2015 for \$45,995.

Horizon Housing Society

Notes to Financial Statements

March 31, 2014 and 2013

17 Comparatives

Certain comparative figures have been restated to conform to the current year's presentation.

