SILVERA
FOR SENIORS

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

Independent auditor's report

To the Member of **Silvera for Seniors**

Opinion

We have audited the financial statements of **Silvera for Seniors** [the "Organization"], which comprise the statements of financial position as at December 31, 2021, and the changes in net assets, statements of operations, and 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 Organization as at December 31, 2021 and its financial performance and its cash flow 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these 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 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 Organization'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 liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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 Organization'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 Organization'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 Organization 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.

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Canada
March 25, 2022

SILVERA FOR SENIORS

Statement of Financial Position

As at December 31, *(in thousands of dollars)*		2021		2020
Assets				
Current				
Cash and cash equivalents	**$**	**1,854**	$	5,985
Accounts receivable (notes 4 and 19)		**9,046**		7,439
Prepaid expenses and deposits		**398**		991
Assets held for sale (note 5)		**-**		1,322
		11,298		15,737
Non-current				
Cash held in trust (note 6)		**1,516**		928
Restricted cash and term deposits (note 7)		**13,390**		15,503
Long-term receivable (note 5)		**8,524**		13,852
Capital assets (note 8)		**114,503**		77,469
	$	**149,231**	$	123,489
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**6,844**	$	4,632
Deferred contributions (note 9)		**1,338**		778
Current portion of long-term debt (note 12)		**75**		9,391
Deferred capital contributions (note 10)		**15,996**		13,996
		24,253		28,797
Non-current				
Escalating lease obligations (note 17)		**51**		69
Trust liabilities (note 6)		**1,516**		900
Unamortized deferred capital contributions (note 11)		**14,986**		12,463
Long-term debt (note 12)		**23,099**		14,343
		63,905		56,572
Contingencies (note 18)				
Net assets				
Restricted (note 13)		**15,571**		24,042
Unrestricted		**69,755**		42,875
		85,326		66,917
	$	**149,231**	$	123,489

See accompanying notes to the financial statements

On behalf of the Board:

"Signed" Director
ROB EASSON

"Signed" Director
DOUG NG

Statement of Changes in Net Assets

Year ended December 31 *(in thousands of dollars)*	**Restricted**	**Unrestricted**	**2021**	2020
Balance, beginning of year	**$ 24,042**	**$ 42,875**	**$ 66,917**	$ 41,659
Excess (deficiency) of revenue over expenses	**5,602**	**(2,820)**	**2,782**	23,402
Contributions for land (notes 9 and 10)	**-**	**15,627**	**15,627**	1,856
Board restrictions (note 13)	**(14,073)**	**14,073**	**-**	-
Balance, end of year	**$ 15,571**	**$ 69,755**	**$ 85,326**	$ 66,917

See accompanying notes to the financial statements

SILVERA FOR SENIORS

Statement of Operations

Year ended December 31 *(in thousands of dollars)*		**2021**		2020
Revenue				
Operating	**$**	**16,190**	$	15,611
Interest income		**942**		1,005
Amortization of deferred capital contributions (note 11)		**1,207**		1,141
Other		**346**		1,747
		18,685		19,504
Government funding				
City of Calgary (notes 10 and 16)		**7,803**		6,990
Government of Alberta (note 16)		**6,051**		6,209
		13,854		13,199
		32,539		32,703
Expenses				
Operating (note 16)		**10,871**		9,331
Human resources (notes 15 and 16)		**19,434**		19,971
Administration (note 1)		**877**		1,635
Long-term debt interest		**443**		36
Depreciation (note 8)		**2,384**		2,204
Other		**5**		11
		34,014		33,188
Excess of expenses over revenue, before undernoted item		**(1,475)**		(485)
Gain on sale of land (note 5)		**4,257**		23,887
Excess revenue over expenses	**$**	**2,782**	$	23,402

See accompanying notes to financial statements

SILVERA FOR SENIORS

Statement of Cash Flows

Year ended December 31 *(in thousands of dollars)*		2021		2020
Operating Activities				
Excess revenue over expenses	**$**	**2,782**	$	23,402
Non-cash adjustments to reconcile excess of revenue over expenses to operating cash flow:				
Amortization of deferred capital contributions (note 11)		**(1,207)**		(1,141)
Revenue transferred from deferred capital contributions (note 10)		**(713)**		(188)
Interest on long-term receivable (note 5)		**(885)**		(840)
Gain on sale of land (note 5)		**(4,257)**		(23,887)
Depreciation (note 8)		**2,384**		2,204
Other		**25**		20
Net change in non-cash operating working capital (note 14)		**2,934**		3,115
Net cash provided by operating activities		**1,063**		2,685
Investing Activities				
Purchase of capital assets		**(39,423)**		(15,204)
Proceeds on the sale of assets (note 5)		**11,579**		9,000
Decrease (increase) in restricted cash and term deposits		**2,112**		(8,040)
Net change in non-cash investing capital		**(1,439)**		(433)
Net cash used in investing activities		**(27,171)**		(14,677)
Financing Activities				
Issuance of long-term debt (note 12)		**8,756**		6,244
Repayment of long-term debt (note 12)		**(9,316)**		(441)
City of Calgary Development Permit		**184**		-
City of Calgary lifecycle projects (note 10)		**4,400**		1,989
City of Calgary funding for the Gilchrist Lodge (note 7)		**2,300**		-
Donations for the purchase of capital assets (notes 9 and 10)		**149**		8,870
Rapid Housing Initiative funding (note 10)		**15,504**		-
Net cash provided by financing activities		**21,977**		16,662
Net (decrease) increase in cash during the year		**(4,131)**		4,670
Cash and cash equivalents, beginning of year		**5,985**		1,315
Cash and cash equivalents, end of year	**$**	**1,854**	$	5,985

See accompanying notes to financial statements

SILVERA FOR SENIORS

Schedule of Revenue and Expenses After Government Grants

Year ended December 31
(in thousands of dollars)

	Revenue excluding Government Grants	Expenses	Operating Surplus (deficit)	Provincial Grants	Surplus (deficit) after Provincial Grants	Municipal Grants	2021 Surplus (deficit) after Government Grants	2020 Surplus (deficit) after Government Grants
Municipal Lodge Program								
Aspen Lodge	$ 4,941	$ 6,371	$ (1,430)	$ -	$ (1,430)	$ 77	$ (1,353)	$ (907)
Beaverdam Lodge	1,054	2,020	(966)	-	(966)	171	(795)	(733)
Bow Valley Lodge	960	1,892	(932)	-	(932)	148	(784)	(770)
Confederation Park Lodge	812	1,830	(1,018)	-	(1,018)	10	(1,008)	(1,074)
Gilchrist Lodge	-	1	(1)	-	(1)	-	(1)	-
Shawnessy Lodge	1,436	2,338	(902)	-	(902)	206	(696)	(755)
Shouldice Lodge	966	1,777	(811)	-	(811)	35	(776)	(948)
Spruce Lodge	2,467	3,518	(1,051)	-	(1,051)	36	(1,015)	(1,080)
Valleyview Lodge	851	1,831	(980)	-	(980)	30	(950)	(1,117)
Lodge Grants & Administration	16	5,586	(5,570)	5,873	303	7,071	7,374	6,849
	$ 13,503	$ 27,164	$ (13,661)	$ 5,873	$ (7,788)	$ 7,784	$ (4)	$ (535)
Silvera Mixed Affordable								
Mixed Affordable Administration	$ 1,108	$ 115	$ 993	$ 178	$ 1,171	$ 19	$ 1,190	$ 1,022
Varsity Estates Village	572	732	(160)	-	(160)	-	(160)	353
Vista	6	11	(5)	-	(5)	-	(5)	-
Westview	868	3,154	(2,286)	-	(2,286)	-	(2,286)	(1,584)
Willow Park on the Bow	2,628	2,838	(210)	-	(210)	-	(210)	259
	5,182	6,850	(1,668)	178	(1,490)	19	(1,471)	50
Gain on sale of land	4,257	-	4,257	-	4,257	-	4,257	23,887
	$ 22,942	$ 34,014	$ (11,072)	$ 6,051	$ (5,021)	$ 7,803	$ 2,782	$ 23,402

SILVERA FOR SENIORS

Schedule of Capital Assets and Related Unamortized Deferred Capital Contributions

As at December 31
(in thousands of dollars)

	2021								2020	
	Building & Building Systems	Building Fixtures, Fittings & Flooring	Equipment	Vehicles	Land	WIP	NBV	Unamortized Deferred Capital Contributions	NBV	Unamortized Deferred Capital Contributions
<u>Municipal Lodge Program</u>										
Aspen Lodge	$ 7,618	$ 440	$ 1,125	$ -	$ -	$ 1,011	$ 10,194	$ 4,408	$ 8,818	$ 2,694
Beaverdam Lodge	-	27	36	-	-	292	355	3	302	14
Bow Valley Lodge	-	35	19	-	-	286	340	20	222	23
Confederation Park Lodge	-	23	40	-	-	-	63	10	72	13
Gilchrist Lodge	-	-	-	-	-	986	986	-	-	-
Shouldice Lodge	-	31	32	-	-	5	68	-	130	-
Shawnessy Lodge	-	38	63	-	-	377	478	21	296	16
Spruce Lodge	5,605	180	166	-	-	1,105	7,056	2,478	5,837	1,040
Valleyview Lodge	9	24	20	-	-	-	53	8	93	9
	$ 13,232	$ 798	$ 1,501	$ -	$ -	$ 4,062	$ 19,593	$ 6,948	$ 15,770	$ 3,809
<u>Silvera Mixed Affordable</u>										
Bow Valley Lands	$ -	$ -	$ -	$ -	$ 165	$ 528	$ 693	$ -	$ 306	$ -
Varsity Estates Village	735	-	-	-	16,522	624	17,881	-	17,022	-
Vista	-	-	-	-	4,835	13,087	17,922	-	-	-
Westview Town Suites	12,759	28	88	-	2,860	-	15,735	23	15,348	26
Westview Residence West	-	-	-	-	1,380	17,803	19,183	-	5,151	-
Westview Vacant Land	-	-	-	-	3,263	215	3,478	-	3,263	-
Willow Park on the Bow	18,733	108	143	-	-	280	19,264	7,938	19,784	8,523
	32,227	136	231	-	29,025	32,537	94,156	7,961	60,874	8,549
Administration	23	101	368	65	-	197	754	77	825	105
Total 2021	$ 45,482	$ 1,035	$ 2,100	$ 65	$ 29,025	$ 36,796	$ 114,503	$ 14,986	$ 77,469	$ 12,463
Total 2020	$ 33,855	$ 930	$ 1,340	$ 73	$ 24,190	$ 17,078	$ 77,469	$ 12,463		

1. Nature of Operations

Silvera for Seniors ("Silvera" or the "Organization") was chartered in 1962 and operates under the Alberta Housing Act to provide, with assistance from community services, affordable housing for senior citizens who are functionally independent. The Organization is a Housing Management Body, pursuant to a Ministerial Order and is also a registered charity and therefore is not taxable under the Income Tax Act (Canada). The Organization operates with the financial support of the City of Calgary and the Government of Alberta.

Silvera operates 1,590 suites in three segments.

- Municipal lodges – 780 suites in eight supportive living lodges that are managed in accordance with the Ministerial Order with operating deficiencies and capital maintenance funded by the City of Calgary.
- Self-contained apartments – 499 self-contained suites in sixteen buildings owned by the Government of Alberta established to provide affordable housing to low-income Alberta senior citizens who are the most in need. The self-contained suites are managed in accordance with the Ministerial Order, for a fee which is determined on a cost reimbursement basis. These operations are not included in these Financial Statements. The 2021 administrative charge was $1,117 (2020 - $1,182) and is included in administration expenses. At December 31, 2021, amounts receivable were $551 (2020 - $208). These are related party transactions in the normal course of operations, are recorded at the agreed upon exchange amount and have no fixed terms of repayment.
- Silvera Mixed Affordable – 311 suites that are a mix of market townhouses (39 units), mid-market supportive living (92 suites) and seniors affordable housing apartments (180 units). Silvera has 172 independent living suites under construction that will be available for occupancy in 2022. One property under construction is Vista, which is the conversion of a suite hotel to a rent geared to income seniors independent living property and the second is Westview Residence West, an 82 suite seniors independent living property with 30% of the suites offered at 20% below market.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Accounting Handbook, which sets out generally accepted accounting principles for not-for-profit organizations and includes the significant accounting policies set out below.

Revenue Recognition
The Organization follows the deferral method of accounting for contributions, which includes funding from the City of Calgary and the Government of Alberta, whereby contributions restricted for future expenses are deferred and recognized as revenue in the period that the related expenses are incurred. Contributions that are restricted for the purchase of depreciable capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired asset. Contributions for the purchase of land or capital assets not subject to depreciation are recorded as direct increases to net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Operating revenue represents rental revenue and revenue from resident services. Rental revenue is from operating leases as the terms of the lease are for one year or less and are recognized as income on a straight-line basis over the term of the lease on an accrual basis once the tenant commences occupancy. Resident services include dining, housekeeping, parking, cable and internet and is recognized when the services are provided, and collection is reasonably assured. Interest income is recognized based on the passage of time when collectability is reasonably assured.

Capital Assets
Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated useful life or enhance the service potential of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value and the write down is recorded in the statement of operations.

Assets under development and intended as rental property include costs directly attributable to the construction of a new facility including planning and design, engineering, legal fees and borrowing costs on specific debt attributed to construction. These assets are not depreciated until construction is substantially complete and the assets are ready for use.

Land acquired or held for future development, which has a known end use as rental property and is not held for sale, is included in capital assets.

Capital assets are depreciated on a straight-line basis over their estimated useful lives reflected in the following table:

Assets	Years
Buildings	40
Building systems	15
Building fixtures, fittings and flooring	10
Vehicles	10
Equipment	5

Contributed Materials and Services
The work of the Organization is dependent on the voluntary services of many organizations and individuals. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, these voluntary services are not recognized in these financial statements. Contributed materials that would otherwise be paid for by the Organization are recorded at fair value when received.

Cash and Cash Equivalents and Cash Held in Trust
Cash and cash held in trust includes cash on deposit. Cash equivalents consist of short-term investments with a maturity of approximately three months or less.

Restricted Cash and Term Deposits

Restricted cash and term deposits include cash on deposit and highly liquid investments with maturities of twelve months or less.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from such estimates by a material amount. The significant estimates are useful lives of the capital assets and provisions for contingencies.

Pension Plan

Contributions to a defined contribution pension plan and a multi-employer pension plan are expensed on an accrual basis. The multi-employer defined benefit pension plan is accounted for consistent with defined contribution plans since the Organization has insufficient information to apply defined benefit plan accounting.

Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, long-term receivable, cash held in trust, restricted cash and term deposits, accounts payable and accrued liabilities, trust liabilities and long-term debt. The carrying value of financial assets and liabilities held at December 31, 2021, other than the long-term receivable and long-term debt, approximates their fair value due to the relatively short periods to maturity. The fair value of the long-term receivable and long-term debt is determined by discounting the future contractual cash flows under the current receivable or financing arrangement at discount rates which represent rates presently available to the Organization for a long-term receivable or long-term debt with a similar term and maturity.

The Organization initially records a financial instrument that was originated, issued or assumed in an arm's length transaction at fair value. Related party debt or equity instruments that are quoted in an active market, debt instruments with observable inputs and derivative instruments are also initially recorded at fair value.

Related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest and dividend payments. Related party financial instruments that do not have repayment terms are recorded at cost, determined using the consideration transferred or received. If the consideration transferred or received has repayment terms, then the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, of the financial instrument transferred as consideration. If, however, the consideration transferred is an asset or liability that does not have repayment terms, the cost is initially recognized at the carrying or exchange amount of the consideration transferred or received, depending on the circumstances. The exchange amount is used when the transaction is in the normal course of operations or the transaction is not in the normal course of operations but has commercial substance, the change in ownership interest is substantive and the amount of consideration transferred or received is supported by independent evidence. Otherwise, the consideration transferred or received is recorded at the carrying amount.

For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

The Organization uses the effective interest rate method to amortize any premiums, discounts, transaction costs and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, restricted cash and term deposits, accounts receivable, long-term receivable, accounts payable and accrued liabilities and long-term debt.

When there are indications of possible impairment of financial assets measured at cost and amortized cost, the Organization determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

[i] For an arm's length financial asset, the present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset, and for a related party financial debt instrument, the undiscounted cash flows expected to be generated by holding the asset, excluding interest and dividend payments;

[ii] The amount that could be realized by selling the asset at the date of the balance sheet; and

[iii] The amount the Organization expects to realize by exercising its right to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

Impairment of related party equity instruments is determined as the amount that could be realized by selling the asset at the consolidated balance sheet date.

A previously recognized impairment loss is reversed to the extent that the improvement can be related to an event occurring after the impairment was recognized, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized.

Forgiveness of all or part of a related party financial asset can only occur after assessing for and recognizing any impairment. This forgiveness is then recognized in the statement of operations.

(All amounts in thousands of dollars unless otherwise stated)

3. Changes in Accounting Policies

Financial instruments in a related party transaction, risk disclosure and other amendments

Effective January 1, 2021, the Organization adopted the amendments to Section 3856 of Part II of the CPA Canada Handbook – Accounting, "Financial Instruments," ["Section 3856" or "the standard"] issued by the Canadian Accounting Standards Board.

Under the amended standard, the measurement of related party financial instruments is now incorporated into Section 3856 as opposed to Section 3840 "Related Party Transactions" ["Section 3840"]. Consequently, related party transactions are initially measured at cost, with the exception of equity or debt instruments quoted in an active market, debt instruments when the inputs significant to the determination of the fair value of the instrument are observable, or derivative contracts which are initially measured at fair value. Cost under the amended standard is determined based on whether the financial instrument has repayment terms. The amendments also require that the subsequent measurement of related party financial instruments be based on how the entity initially measured the instrument, provides guidance on how to measure an impairment of a debt and equity instrument in a related party transaction measured at cost, and requires an entity to recognize forgiveness of a related party financial asset in either equity or net income depending on whether or not the original transaction giving rise to the financial asset was in the normal course of business. Additionally, the standard requires entities prepare financial instrument disclosures using entity-specific information and significant consequential amendments were made to Section 3840 to clarify that the Section does not apply to related party financial instruments.

The Organization adopted the amendments to Section 3856 retrospectively. The due from related party balances included within accounts receivable have repayment terms and, under the amended standard, are to be recorded at the undiscounted cash flows of the receivables which represent the amounts originally recorded by the Organization. As a result, there was no impact of the adoption of the amendments to Section 3856 on the financial statements of the Organization for the year ended December 31, 2020.

4. Accounts Receivable

	2021	2020
Current portion of long-term receivable (note 5)	**$ 5,418**	$ 5,203
City of Calgary	**2,105**	885
Government of Alberta	**694**	411
Canada Mortgage and Housing Corporation ("CMHC")	**250**	313
GST Receivable	**484**	277
Other	**95**	350
	$ 9,046	$ 7,439

(All amounts in thousands of dollars unless otherwise stated)

5. Long-Term Receivable

In 2021, Silvera sold undeveloped land with a book value of $1,322 that was not part of the Organization's plans for future development of the Westview Campus for proceeds of $5,579.

In 2020, the Jacques Lodge site was sold for total proceeds of $30.0 million with Silvera providing an interest-free Vendor Take Back ("VTB") mortgage to the purchaser. The present value of the future payments was discounted using an effective interest rate of 4.1%. At December 31 the discounted value of the VTB mortgage receivable was as follows:

	2021	2020
Discounted value of VTB	**$ 13,942**	$ 19,055
Current portion of long-term receivable	**5,418**	5,203
Long-term receivable	**$ 8,524**	$ 13,852

During 2021, the Organization received $6,000 against the VTB mortgage with the remaining payments to be received on December 31 in each year as follows:

	Amount
2022	$ 6,000
2023	6,000
2024	3,000
	$ 15,000

As the sale was not encumbered with any future conditions, the fully discounted value of the gain of $23,887 was recorded upon closing in 2020.

6. Cash Held in Trust

	2021	2020
Government of Alberta self-contained apartments	**$ 1,248**	$ 707
Resident security deposits	**268**	221
	$ 1,516	$ 928

Cash held in trust relates to resident security deposits and operating cash for Government of Alberta self-contained apartments. These amounts are classified as a long-term asset due to the ongoing nature of the relationships.

(All amounts in thousands of dollars unless otherwise stated)

7. Restricted Cash and Term Deposits

		2021		2020
Cash	$	**10,630**	$	1,649
Term deposits		**2,760**		13,854
	$	**13,390**	$	15,503

The Organization has restricted certain cash and term deposits held for the purposes of maintaining replacement reserves to ensure that the Organization-owned properties are properly maintained; operating reserves to enable the Organization to mitigate operational risk; and capital development reserves to meet long-term housing needs that are compatible with its mandate (note 13).

In 2021, the City of Calgary agreed to provide one-time funding to purchase furniture, fixtures and equipment, and to cover commissioning and support costs to move residents to the new Gilchrist Lodge, which is expected to be completed in 2022. The Gilchrist Lodge is a new 115 suite supportive living lodge in northeast Calgary that is being constructed by the Government of Alberta and is to be added to the Ministerial Order upon its completion and become part of the Municipal Lodge program that Silvera operates. The funding is comprised of $2,000 for furniture, fixtures and equipment for the lodge and $300 for one-time costs related to commissioning and relocation of residents from other Silvera Lodges. As of December 31, 2021, there is $1,314 remaining in restricted cash. The funding is conditional on Silvera closing the Confederation Lodge by June 30, 2022 and providing a request to the Government of Alberta to close the Valleyview Lodge by June 30, 2023.

SILVERA FOR SENIORS

Notes to the Financial Statements
As at and for the year ended December 31, 2021
(All amounts in thousands of dollars unless otherwise stated)

8. Capital Assets

	Land	Building & Building Systems	Building Fixtures, Fittings & Flooring	Equipment	Vehicles	Work in Progress	Total
As at December 31, 2021							
Cost							
Opening Balance	**$ 24,190**	**$ 58,301**	**$ 3,215**	**$ 3,656**	**$ 293**	**$ 17,078**	**$ 106,733**
Additions	**4,835**	**13,411**	**262**	**1,190**	**7**	**19,718**	**39,423**
Disposals	**-**	**(15)**	**-**	**(127)**	**(33)**	**-**	**(175)**
Closing Balance	**$ 29,025**	**$ 71,697**	**$ 3,477**	**$ 4,719**	**$ 267**	**$ 36,796**	**$ 145,981**
Accumulated Depreciation							
Opening Balance	**$ -**	**$ 24,446**	**$ 2,285**	**$ 2,313**	**$ 220**	**$ -**	**$ 29,264**
Additions	**-**	**1,782**	**157**	**430**	**15**	**-**	**2,384**
Disposals	**-**	**(13)**	**-**	**(124)**	**(33)**	**-**	**(170)**
Closing Balance	**-**	**26,215**	**2,442**	**2,619**	**202**	**-**	**31,478**
Net Book Value	**$ 29,025**	**$ 45,482**	**$ 1,035**	**$ 2,100**	**$ 65**	**$ 36,796**	**$114,503**
As at December 31, 2020							
Cost							
Opening Balance	$ 3,738	$ 57,509	$ 4,399	$ 3,197	$ 388	$ 7,498	$ 76,729
Asset Reclass	-	147	(1,128)	981	-	-	-
Additions	21,774	682	4	133	-	9,580	32,173
Disposals	(1,322)	(37)	(60)	(655)	(95)	-	(2,169)
Closing Balance	$ 24,190	$ 58,301	$ 3,215	$ 3,656	$ 293	$ 17,078	$ 106,733
Accumulated Depreciation							
Opening Balance	$ -	$ 22,687	$ 2,633	$ 2,257	$ 299	$ -	$ 27,876
Asset Reclass	-	155	(507)	352	-	-	-
Additions	-	1,622	214	352	16	-	2,204
Disposals	-	(18)	(55)	(648)	(95)	-	(816)
Closing Balance	-	24,446	2,285	2,313	220	-	29,264
Net Book Value	$ 24,190	$ 33,855	$ 930	$ 1,343	$ 73	$ 17,078	$ 77,469

Work in progress is comprised primarily of the capital development costs for the construction of Westview Residence West and the renovation of Vista. These assets are not subject to amortization as they are not yet available for use.

Capital additions includes borrowing costs on debt directly related to the construction or development of capital assets. Total borrowing costs capitalized in 2021 were $73 (2020 - $178).

(All amounts in thousands of dollars unless otherwise stated)

9. Deferred Contributions

Deferred contributions relate to amounts received, or receivable, that will fund specific future operating activities. When the specified operating activity is completed, the deferred amounts are recognized as revenue to offset the related expense. If the contributions are to be used for the specified capital asset project, the amounts are transferred to deferred capital contributions (see note 10).

Changes in deferred contributions are as follows:

		2021		2020
Beginning of year	**$**	**778**	$	3,692
Additions		**788**		1,129
Transferred to revenue		**(79)**		(689)
Transferred to deferred capital contributions (note 10)		**-**		(1,588)
Transferred to net assets – Westview Campus land		**(149)**		(1,766)
	$	**1,338**	$	778

10. Deferred Capital Contributions

Deferred capital contributions relate to amounts received, or receivable, that will fund specific future capital projects. When the specified capital project is completed, the deferred amounts are transferred to unamortized deferred capital contributions and amortized over the useful life of the related asset.

Changes in deferred capital contributions are as follows:

		2021		2020
Beginning of year	**$**	**13,996**	$	722
City of Calgary Rapid Housing Initiative funding		**15,504**		-
City of Calgary funding for Gilchrist Lodge (note 7)		**2,000**		-
City of Calgary lifecycle grants		**4,117**		2,874
City of Calgary HIP funding		**185**		-
CMHC grants		**115**		313
Donation for capital purchases		**-**		8,870
Transferred from deferred contributions (note 9)		**-**		1,588
Transferred to net assets - Varsity land		**(8,870)**		-
Transferred to net assets - Vista land		**(4,835)**		-
Transferred to net assets - Westview Campus land		**(1,773)**		-
Transferred to revenue - City of Calgary lifecycle grants		**(713)**		(188)
Transferred to unamortized deferred capital contributions (note 11)		**(3,730)**		(183)
	$	**15,996**	$	13,996

(All amounts in thousands of dollars unless otherwise stated)

In March 2021, Silvera entered into a funding agreement with the City of Calgary under the Government of Canada's Rapid Housing Initiative to provide affordable housing to the most vulnerable Canadians. Under the agreement the City of Calgary contributed $15,504 for the purpose of purchasing and converting a suites hotel into a senior's self-contained apartment building. Silvera will receive the unencumbered title for the property upon the agreement's expiry on March 1, 2042. During the term of the agreement the Organization is required to maintain certain operating and reporting requirements and the property is to be used for the purpose of providing affordable housing for people and populations who are vulnerable and meet the affordability criteria defined in the agreement.

11. Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions relate to amounts received for the purchase of capital assets which are currently in use.

Changes in unamortized deferred capital contributions are as follows:

	2021	2020
Beginning of year	**$ 12,463**	$ 13,421
Transferred from deferred capital contributions (note 10)	**3,730**	183
Recognized to amortize capital assets	**(1,207)**	(1,141)
	$ 14,986	$ 12,463

12. Long-term Debt

	2021	2020
Non-revolving term credit facility	**$ 8,195**	$ 6,244
Varsity Promissory Note	**8,099**	16,969
CMHC Financing	**6,805**	-
Westview Town Suites mortgage	**75**	521
	23,174	23,734
Less current portion	**75**	9,391
	$ 23,099	$ 14,343

In 2019, the Organization secured a non-revolving term credit facility with a major Canadian Chartered Bank for the Westview Town Suites renovation project construction costs. The facility could be drawn upon up to $8,264 and incurs interest at the Canadian Chartered Bank's prime plus 1.3% per annum (2020 – prime plus 1.3% per annum). Security for this facility includes cash collateral in the form of a $2,000 guaranteed investment certificate, a general security agreement, a second fixed charge on the project lands, an undertaking to cover all shortfalls in profits of the property including debt servicing charges. The facility matures on the earlier of being refinanced once certain conditions are met, or March 31, 2023. There is no principal repayment until maturity.

As part of the purchase of the Varsity Estates Village townhouse complex in 2020, the Organization and the vendor agreed to a take back Promissory Note for $16,969. The Promissory Note is secured by a fixed security over the townhouses and land. The interest rate initially accrued on the principal at 0.875% per annum until January 15, 2021 and then increased to 1.75% per annum. The interest rate then increases at 1.25% per annum every six months until the maturity date of the Promissory Note on November 1, 2023. In January 2021, the Organization repaid $8,870 of the principal amount of the Promissory Note. There is no additional principal repayment until maturity.

In February 2021, the Organization secured financing with CMHC for the construction of Westview Residence West that consists of a repayable loan facility (the "CMHC Financing") in an amount up to $14,548 and a forgivable loan in an amount up to $656. The interest rate on the repayable portion is 1.46%. Security for this CMHC Financing consists of a first priority mortgage granted by the borrower, a general security agreement, first priority general assignment, an assignment of contracts and all insurance policies and a no interest letter. The CMHC Financing matures on August 1, 2031, with principal payments beginning once the property achieves twelve months of revenue totaling approximately $1,200. The CMHC Financing is amortized over 50 years and principal repayments will be determined once the final loan amount is confirmed. As at December 31, 2021, the Organization has not yet met the conditions for the forgivable loan portion and therefore this amount is included with the CMHC Financing.

In April 2015, the Organization entered into a five-year 1.95% mortgage repayable in monthly principal and interest instalments of $37. The mortgage is secured by a first charge over the Westview Town Suites land and building, a general assignment of rents and revenues from the property and a general security agreement comprising a first security interest on the property. On May 1, 2020 the mortgage was extended to mature on February 28, 2022 at an interest rate of 1.88% repayable in monthly interest and principal payments of $38.

In 2020, the Organization entered into a $4.5 million revolving credit facility with a major Canadian Chartered Bank. The credit facility has $nil drawn at December 31, 2021 (2020 – nil). The credit facility matures on July 8, 2022, is renewable at the lender's consent and is secured by a general security agreement over the assets of the Organization as well as assignment of the VTB mortgage receivable (note 5) in the event of default. To the extent the credit facility is not renewed the balance would be due one year from the maturity date.

The Organization has letters of credit of $444 (2020 - $595) outstanding that are fully cash collateralized at December 31, 2021.

(All amounts in thousands of dollars unless otherwise stated)

13. Restricted Net Assets

The Board of Directors may, at its discretion, restrict any excess revenue over expenses to support the future requirements of the Organization. Restricted funds are not available for unrestricted purposes without prior approval of the Board of Directors.

Restricted amounts are designated as follows:

		2021		2020
Operating				
Municipal Lodge Program	$	**594**	$	594
General		**316**		309
Community Engagement		**364**		333
Westview Town Suites		**-**		61
		1,274		1,297
Capital development				
Westview Campus		**10,190**		22,159
Vista		**3,600**		-
		13,790		22,159
Capital maintenance				
Varsity Estates Village		**507**		301
Westview Town Suites		**-**		119
Willow Park on the Bow		**-**		166
		507		586
Restricted net assets	$	**15,571**	$	24,042

On November 30, 2021, the Board of Directors approved the transfer of $3,600 and $1,000 from Westview Campus restricted funds to Vista and Varsity Estates Village, respectively. Westview Campus consists of Westview Town Suites, Westview Residence West and vacant land.

During 2021, $14,073 of the restricted reserves were primarily used to progress the Westview Campus (2020 – $4,848).

14. Net Change in Non-cash Operating Working Capital

		2021		2020
Decrease (increase) in accounts receivable	$	**(1,716)**	$	1,307
Decrease (increase) in prepaid expenses		**593**		(495)
Increase in accounts payable and accrued liabilities		**3,651**		1,448
Increase in deferred contributions		**375**		843
Net decrease in cash held in trust and trust liabilities		**31**		12
	$	**2,934**	$	3,115

15. Pension Plans

The pension obligations of all qualifying permanent, full-time employees are covered though participation in the Local Authorities Pension Plan ("LAPP") which is administered by the Alberta Pensions Services Corporation. The plan is a multi-employer plan offered to various unrelated employers throughout Alberta. The responsibility for strategic direction and plan asset management is held by the LAPP Board of Directors, composed of management and labour representatives. LAPP provides a defined benefit pension based on the employees' earnings and length of service.

The most recent valuation for financial reporting purposes completed by the LAPP as at December 31, 2020 disclosed net assets available for benefits of $53.6 billion (2019 - $50.5 billion) with pension obligations of $49 billion (2019 - $43 billion) resulting in a surplus of $5.0 billion (2019 - $7.9 billion).

The Organization makes contributions to the plan based on a percentage of employee income which is set by the LAPP Board of Directors. Total pension expense for employees covered under this plan during the year was $408 (2020 - $379) and is included as an expense in human resources in the statement of operations.

The Organization sponsors a defined contribution pension plan that covers most part-time and all full-time employees not eligible to participate in LAPP. Total pension expense, for employees, covered under this plan during the year was $200 (2020 - $180) and is included as an expense in human resources in the statement of operations.

(All amounts in thousands of dollars unless otherwise stated)

16. Economic impact of COVID-19 pandemic

The declaration of the COVID-19 global pandemic in March 2020 disrupted economic activities and resulted in increased levels of risk and uncertainty. This has impacted Silvera's business operations through reduced occupancy and an increase in staffing costs as well as general operating costs as required to meet the requirements of the legislated orders from the Alberta Chief Medical Officer of Health.

Although temporary, the duration of the business disruption and its financial impacts cannot be reasonably estimated at this time. Management is monitoring the situation and adjusting the business operations as required.

In 2020 and 2021, the Organization received the City of Calgary Emergency Resiliency Fund along with funding and contributions from the Government of Alberta to offset some of the impact of the increased cost of business activity. The Government of Alberta contributed personal protective equipment for use by the staff working in the Municipal lodge program. This non-cash amount is recognized as Government of Alberta contributions in the table below.

A summary of the COVID-19 pandemic funding and expenses is as follows by statement of operations categories:

		2021		2020
Revenue – Other	**$**	**-**	$	82
Government Funding				
Government of Alberta		**1,661**		2,246
Government of Alberta contributions		**731**		844
City of Calgary		**-**		434
		2,392		3,606
Expenses				
Operating		**1,894**		1,613
Human Resources		**978**		2,267
		2,872		3,880
Excess of expenses over revenue	**$**	**(480)**	$	(274)
Capital equipment expenditures	**$**	**-**	$	156

(All amounts in thousands of dollars unless otherwise stated)

17. Commitments

The Organization rents office space under an operating lease which expires November 30, 2024. The future annual rent payments pursuant to the lease are as follows:

	Amount
2022	156
2023	156
2024	143

The operating lease has escalating payments over its term. As such, an escalating lease obligation of $51 (2020 - $69) has been recognized on the statement of financial position.

18. Contingencies

As part of the normal course of business, the Organization is involved in various claims and litigation. The Organization has determined that the outcome of any claims and litigation is unlikely to result in a material loss and accordingly no provisions have been recorded in the December 31, 2021 financial statements.

19. Risks and Uncertainties

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk principally associated with borrowings. Fixed rates, associated with long-term debt, introduce risk at the time of maturity.

Credit Risk
The Organization is exposed to credit risk, which is the risk that a counterparty will fail to perform an obligation or settle a liability, resulting in a financial loss to the Organization. Credit risk is assessed as low for the Organization.

The Organization’s trade accounts receivable are primarily due from governments and are subject to normal credit risks. At December 31, 2021 government related accounts receivable was 31% (2020 – 17%).

The maximum credit risk exposure associated with the Organization’s financial assets is the carrying amount of accounts receivable.

Liquidity Risk
The Organization is exposed to liquidity risk which is the risk that the Organization will be unable to generate or obtain sufficient cash to meet its obligations as they come due. Mitigation of this risk is achieved through active management of cash and debt. The liquidity risk is assessed as low for the Organization. Accounts payable and accrued liabilities are due within the next fiscal year.

Economic Dependence

Silvera is dependent on the City of Calgary maintaining the Municipal and Capital Lifecycle Grants. Mitigation of this risk is achieved by the Organization's ability to requisition deficits from taxpayers, but Silvera would have to fund operations in the interim.

20. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.