

**St. Andrew's Residence, Chatham**

**Financial Statements**

**Year ended March 31, 2017**



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## INDEPENDENT AUDITOR'S REPORT

To the Directors of St. Andrew's Residence, Chatham

I have audited the accompanying financial statements of St. Andrew's Residence, Chatham which comprise the statement of financial position at as March 31, 2017 and the statements of operations and fund balances and cash flows for the year then ended, and 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

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of St. Andrew's Residence, Chatham as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Blenheim, Ontario  
May 29, 2017

A handwritten signature in black ink that reads 'Christine Muckle Professional Corporation'. The signature is written in a cursive, flowing style.

Christine Muckle Professional Corporation,  
Authorized to practice public accounting by The  
Chartered Professional Accountants of Ontario

**St. Andrew's Residence, Chatham**

**Statement of Financial Position**

**March 31, 2017**

	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 694,619	\$ 374,696
Accounts receivable	128,341	180,805
Inventories	19,286	19,070
Prepaid expenses	<u>10,230</u>	<u>9,697</u>
	852,476	584,268
<b>Capital assets (note 2)</b>	<u>3,438,705</u>	<u>3,308,897</u>
	<u>\$ 4,291,181</u>	<u>\$ 3,893,165</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 171,853	\$ 132,360
Deferred contributions (note 3)	35,956	31,225
Current portion of long-term debt	<u>47,229</u>	<u>-</u>
	255,038	163,585
<b>Long-term debt (note 4)</b>	174,447	-
<b>Deferred capital contributions (note 5)</b>	1,216,130	1,291,151
<b>Net Assets</b>		
Invested in capital assets (note 6)	2,000,899	2,017,746
Internally restricted (note 7)	<u>644,667</u>	<u>420,683</u>
	<u>2,645,566</u>	<u>2,438,429</u>
<b>Commitment (note 8)</b>		
	<u>\$ 4,291,181</u>	<u>\$ 3,893,165</u>

See accompanying notes to financial statements

Approved on Behalf of the Board

 Director

 Director

**St. Andrew's Residence, Chatham**  
**Statement of Operations and Changes in Fund Balances**  
**Year ended March 31, 2017**

	Operating Fund	Capital Fund	2017 Total	2016 Total
<b>Revenue</b>				
Residents	\$ 2,586,113	\$ -	\$ 2,586,113	\$ 2,543,142
Seniors Day Out Program	120,487	-	120,487	122,732
Meals on Wheels	364,836	-	364,836	353,303
Amortization of deferred capital contributions	-	75,021	75,021	76,443
Donations	-	-	-	900
Community Programs	24,019	-	24,019	72,475
New Horizons	-	-	-	1,296
Sundry	<u>220,598</u>	<u>-</u>	<u>220,598</u>	<u>227,527</u>
	3,316,053	75,021	3,391,074	3,397,818
<b>Expenses</b>				
Salaries, wages and benefits	1,697,290	-	1,697,290	1,703,400
Bank interest and charges	30,716	-	30,716	27,745
Seniors Day Out Program	113,458	-	113,458	118,401
Meals on Wheels	404,786	-	404,786	401,854
Community programs	19,076	-	19,076	74,768
Physical and personal needs (schedule)	183,382	-	183,382	206,521
Accommodation (schedule)	383,211	-	383,211	350,028
Administration (schedule)	153,293	-	153,293	150,435
New Horizons	-	-	-	1,296
Interest on long-term debt	3,159	-	3,159	-
Amortization	<u>-</u>	<u>195,566</u>	<u>195,566</u>	<u>180,712</u>
	<u>2,988,371</u>	<u>195,566</u>	<u>3,183,937</u>	<u>3,215,160</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	327,682	(120,545)	207,137	182,658
Fund balances, beginning of year	420,683	2,017,746	2,438,429	2,255,771
Interfund transfers	<u>(103,698)</u>	<u>103,698</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 644,667</u>	<u>\$ 2,000,899</u>	<u>\$ 2,645,566</u>	<u>\$ 2,438,429</u>

**St. Andrew's Residence, Chatham**

**Statement of Cash Flows**

**Year ended March 31, 2017**

	2017	2016
<b>Cash Provided by (used for)</b>		
<b>Operations</b>		
Excess of revenue over expenses	\$ 207,137	\$ 182,658
Items not involving cash		
Amortization	195,566	180,712
Amortization of deferred capital contributions	<u>(75,021)</u>	<u>(76,443)</u>
	327,682	286,927
Changes in non-cash operating working capital		
Decrease in accounts receivable	52,464	2,078
Decrease(increase) in inventories	(216)	743
Decrease (increase) in prepaid expenses	(533)	1,276
Increase (decrease) in accounts payable and accrued liabilities	39,493	(31,550)
Increase (decrease) in deferred contributions	<u>4,731</u>	<u>(40,959)</u>
	423,621	218,515
<b>Investments</b>		
Purchase of capital assets	(325,374)	(366,213)
<b>Financing</b>		
Payments on long-term debt	(14,467)	-
Proceeds of long-term debt	<u>236,143</u>	<u>-</u>
	<u>221,676</u>	<u>-</u>
Increase (decrease) in cash	319,923	(147,698)
Cash, beginning of year	<u>374,696</u>	<u>522,394</u>
<b>Cash, end of year</b>	<u>\$ 694,619</u>	<u>\$ 374,696</u>

See accompanying notes to financial statements

# St. Andrew's Residence, Chatham

## Notes to Financial Statements

Year ended March 31, 2017

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St. Andrew's Residence, Chatham is incorporated without share capital under the laws of Ontario. The Residence cares for seniors by providing holistic residential and community services. The Residence is a registered charity under the Income Tax Act and accordingly is exempt from income tax provided certain requirements of the Income Tax Act are met.

### 1. Summary of Significant Accounting Policies

#### *Fund accounting*

The Corporation follows the deferral method of accounting for contributions.

The operating fund reflects the Corporation's day-to-day activities.

The capital fund reflects revenues received for the purchase of land, buildings and equipment and the expenditure for capital assets.

#### *Revenue recognition*

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Where a portion of a restricted fund relates to a future period, it is deferred and recognized in the appropriate period.

#### *Cash*

Cash consists of amounts on deposit. For financial instrument purposes cash has been classified as held for trading.

#### *Inventories*

Inventories are valued at the lower of cost and replacement cost.

#### *Capital assets*

Capital assets are stated at cost. Amortization is provided using the straight-line method at the following annual rates:

Building	2.5%
Parking lot	2.5%
Equipment	
Elevator and kitchen	5%
Other	10 - 25%

#### *Gifts in kind*

Donations of gifts in kind are recorded at fair market value. During the year the Residence received donations of materials of \$nil (2016-\$nil).

#### *Financial instruments classification*

Accounts receivables have been classified as loans and receivables and are reported at amortized cost using effective interest method. Accounts payable and accrued liabilities have been classified as other and are reported at amortized cost using effective interest method.

# St. Andrew's Residence, Chatham

## Notes to Financial Statements

Year ended March 31, 2017

### 1. Summary of Significant Accounting Policies (continued)

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations 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 revenues and expenses during the year. Actual amounts could differ from those estimates.

#### *Contributed services*

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining fair value, contributed services are not recognized in the financial statements.

### 2. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
Land	\$ 554,051	\$ -	\$ 554,051	\$ 554,051
Buildings	5,140,052	2,872,433	2,267,619	2,319,233
Parking lot	443,185	99,629	343,556	132,029
Equipment	<u>1,515,153</u>	<u>1,241,674</u>	<u>273,479</u>	<u>303,584</u>
	<u>\$ 7,652,441</u>	<u>\$ 4,213,736</u>	<u>\$ 3,438,705</u>	<u>\$ 3,308,897</u>

### 3. Deferred Contributions

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 31,225	\$ 72,184
Less: amounts recognized as revenue in the year	(6,039)	(64,299)
Plus: amount received related to the following year	<u>10,770</u>	<u>23,340</u>
Balance, end of year	<u>\$ 35,956</u>	<u>\$ 31,225</u>

**St. Andrew's Residence, Chatham**

**Notes to Financial Statements**

**Year ended March 31, 2017**

**4. Long-term debt**

	<u>2017</u>	<u>2016</u>
Prime plus 1.5% Bank loan, payable \$2,003 monthly plus interest, due November 2021	\$ 110,161	\$ -
Prime plus 1.5% Bank loan, payable \$860 monthly plus interest, due December 13, 2021	49,014	-
Prime plus 1.5% Bank loan, payable \$624 monthly plus interest, due January 3, 2022	35,574	-
Prime plus 1.5% Bank loan, payable \$449 monthly plus interest, due March 15, 2022	<u>26,927</u>	<u>-</u>
	221,676	-
Current portion of long-term debt	<u>(47,229)</u>	<u>-</u>
	<u>\$ 174,447</u>	<u>\$ -</u>

The loans are secured by a general security agreement and a collateral mortgage in the amount of \$2,500,000. Principal due within the next five years on long-term debt is as follows:

2018	\$47,229
2019	47,229
2020	47,229
2021	47,229
2022	32,760

**5. Deferred capital contributions**

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. Changes in the deferred capital contributions are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,291,151	\$ 1,367,594
Amortization of capital contributions	<u>(75,021)</u>	<u>(76,443)</u>
Balance, end of year	<u>\$ 1,216,130</u>	<u>\$ 1,291,151</u>

**6. Invested in capital assets**

	<u>2017</u>	<u>2016</u>
Capital assets	\$ 3,438,705	\$ 3,308,897
Amounts financed by:		
Deferred capital contributions	(1,216,130)	(1,291,151)
Long-term debt	<u>(221,676)</u>	<u>-</u>
	<u>\$ 2,000,899</u>	<u>\$ 2,017,746</u>



## St. Andrew's Residence, Chatham

### Notes to Financial Statements

Year ended March 31, 2017

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#### 7. Net assets internally restricted

The Board of Directors have internally restricted funds to be used as follows:

	<u>2017</u>	<u>2016</u>
Operating	\$ 161,167	\$ 105,171
Building and capital asset	322,333	210,341
Opportunity reserve	<u>161,167</u>	<u>105,171</u>
	<u>\$ 644,667</u>	<u>\$ 420,683</u>

These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

#### 8. Commitment

On February 5, 2015, the Corporation signed a land lease for twenty years to lease the land the Hospice has been constructed on for \$1 per annum.

#### 9. Financial instruments

##### *Fair Values*

The fair value of cash, accounts receivable and accounts payable and accrued liabilities and long-term debt approximate their fair value due to the relatively short term period to maturity of the financial instruments and/or they bear interest rates which reflect current market rates.

##### *Liquidity risk*

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

##### *Credit risk*

In management's opinion the Corporation is exposed to credit risk in the event of non-payment by their customers for their accounts receivable. The Corporation believes there is minimal risk associated with these amounts due to the diversity of its customers and there are no significant concentrations of accounts receivable with any group of customers that are related to each other.

There has been no change to risk exposures from 2016.

**St. Andrew's Residence, Chatham**  
**Schedule - Expenses - Operating Fund**  
**Year ended March 31, 2017**

	2017	2016
<b>Physical and personal needs</b>		
Food and supplies	\$ 146,020	\$ 178,314
Medical supplies	24,052	19,278
Entertainment	11,221	6,253
Sundry	<u>2,089</u>	<u>2,676</u>
	<u>\$ 183,382</u>	<u>\$ 206,521</u>
<b>Accommodation</b>		
Heat	\$ 18,960	\$ 19,516
Cable TV	31,975	30,455
Water	12,883	14,367
Electricity	115,797	102,681
Telephone	8,344	8,535
Housekeeping	13,824	17,080
Laundry	25,229	6,707
Maintenance and repairs	109,707	105,022
Property taxes	<u>46,492</u>	<u>45,665</u>
	<u>\$ 383,211</u>	<u>\$ 350,028</u>
<b>Administration</b>		
Membership fees and dues	\$ 13,703	\$ 14,717
Travel	1,941	6,920
Office and general	47,206	48,574
Advertising	18,014	21,716
Legal and labour	38,523	29,112
Audit	7,120	6,964
Insurance	<u>26,786</u>	<u>22,432</u>
	<u>\$ 153,293</u>	<u>\$ 150,435</u>