

St. Andrew's Residence, Chatham

Financial Statements

Year ended March 31, 2015



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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, 2015 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, 2015, 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 25, 2015

A handwritten signature in black ink that reads "Christine Muckle Professional Accountant". The signature is written in a cursive style and is positioned above the printed name and title.

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

St. Andrew's Residence, Chatham


Statement of Financial Position

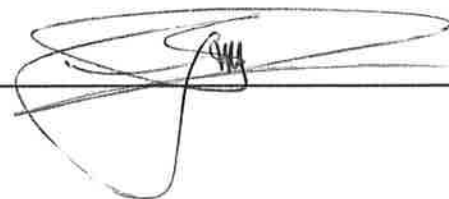
March 31, 2015

	2015	2014
Assets		
Current Assets		
Cash	\$ 522,394	\$ 838,344
Accounts receivable	161,125	113,916
Receivable from Adelaide Non-Profit Housing Community	-	116,630
Receivable from Chatham Kent Hospice Inc.	21,758	-
Inventories	19,813	22,043
Prepaid expenses	<u>10,973</u>	<u>9,278</u>
	736,063	1,100,211
Capital assets (note 2)	<u>3,123,396</u>	<u>3,101,453</u>
	<u>\$ 3,859,459</u>	<u>\$ 4,201,664</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 163,910	\$ 230,394
Payable to Chatham Kent Hospice Inc.	-	9,037
Deferred income	<u>72,184</u>	<u>67,719</u>
	236,094	307,150
Deferred capital contributions (note 3)	1,367,594	1,447,459
Net Assets		
Invested in capital assets (note 4)	1,755,802	1,653,994
Unrestricted	314,401	607,493
Internally restricted (note 5)	<u>185,568</u>	<u>185,568</u>
	<u>2,255,771</u>	<u>2,447,055</u>
Contingency (note 8)		
	<u>\$ 3,859,459</u>	<u>\$ 4,201,664</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, 2015

	Operating Fund	Capital Fund	2015 Total	2014 Total
Revenue				
Residents	\$ 2,281,896	\$ -	\$ 2,281,896	\$ 2,295,076
Seniors Day Out Program	125,375	-	125,375	128,833
Meals on Wheels	354,182	-	354,182	435,746
Amortization of deferred capital contributions	-	79,865	79,865	93,720
Donations	5,188	-	5,188	5,315
Community Programs	70,267	-	70,267	76,567
New Horizons	23,841	-	23,841	-
Sundry	224,373	-	224,373	218,851
	<u>3,085,122</u>	<u>79,865</u>	<u>3,164,987</u>	<u>3,254,108</u>
Expenses				
Salaries, wages and benefits	1,599,303	-	1,599,303	1,377,924
Bank interest and charges	26,743	-	26,743	24,745
Seniors Day Out Program	115,860	-	115,860	114,650
Meals on Wheels	378,016	-	378,016	450,365
Community programs	68,730	-	68,730	134,654
Physical and personal needs (schedule)	182,135	-	182,135	211,395
Accommodation (schedule)	455,413	-	455,413	377,576
Administration (schedule)	229,476	-	229,476	285,222
New Horizons	23,841	-	23,841	-
Forgiveness of loan (note 6)	109,583	-	109,583	-
Amortization	-	167,171	167,171	180,021
	<u>3,189,100</u>	<u>167,171</u>	<u>3,356,271</u>	<u>3,156,552</u>
Excess of revenue over expenses (expenses over revenue)	(103,978)	(87,306)	(191,284)	97,556
Fund balances, beginning of year	793,061	1,653,994	2,447,055	2,349,499
Interfund transfers	(189,114)	189,114	-	-
Fund balances, end of year	<u>\$ 499,969</u>	<u>\$ 1,755,802</u>	<u>\$ 2,255,771</u>	<u>\$ 2,447,055</u>

St. Andrew's Residence, Chatham

Statement of Cash Flows

Year ended March 31, 2015

	2015	2014
Cash Provided by (used for)		
Operations		
Excess of revenue over expenses (expenses over revenue)	\$ (191,284)	\$ 97,556
Items not involving cash		
Amortization	167,171	180,021
Amortization of deferred capital contributions	<u>(79,865)</u>	<u>(93,721)</u>
	(103,978)	183,856
Changes in non-cash operating working capital		
Increase in accounts receivable	(47,209)	(12,853)
Decrease in inventories	2,230	398
Decrease (increase) in prepaid expenses	(1,695)	2,685
Increase (decrease) in accounts payable and accrued liabilities	(66,484)	136,068
Increase in deferred income	<u>4,465</u>	<u>29,490</u>
	(212,671)	339,644
Investments		
Purchase of capital assets	(189,114)	(5,259)
Financing		
Receivable/Payable to Chatham Kent Hospice Inc.	(30,795)	9,037
Receivable from Adelaide Non-Profit Housing Community	<u>116,630</u>	<u>(10,709)</u>
	<u>85,835</u>	<u>(1,672)</u>
Increase (decrease) in cash	(315,950)	332,713
Cash, beginning of year	<u>838,344</u>	<u>505,631</u>
Cash, end of year	<u>\$ 522,394</u>	<u>\$ 838,344</u>

See accompanying notes to financial statements

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2015

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 contribution.

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%

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2015

1. Summary of Significant Accounting Policies (continued)

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 (2013-\$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.

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.

2. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Net Book Value</u>	<u>2014 Net Book Value</u>
Land	\$ 554,051	\$ -	\$ 554,051	\$ 538,051
Buildings	4,882,565	2,655,527	2,227,038	2,158,802
Parking lot	220,578	83,035	137,543	143,057
Equipment	<u>1,303,657</u>	<u>1,098,893</u>	<u>204,764</u>	<u>261,543</u>
	<u>\$ 6,960,851</u>	<u>\$ 3,837,455</u>	<u>\$ 3,123,396</u>	<u>\$ 3,101,453</u>

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2015

3. Deferred capital contributions

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

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,447,459	\$ 4,289,267
Transfer of Terrace building	-	(2,748,087)
Amortization of capital contributions	<u>(79,865)</u>	<u>(93,721)</u>
	<u>\$ 1,367,594</u>	<u>\$ 1,447,459</u>

4. Invested in capital assets

	<u>2015</u>	<u>2014</u>
Capital assets	\$ 3,123,396	\$ 3,101,452
Amounts financed by:		
Deferred capital contributions	<u>(1,367,594)</u>	<u>(1,447,459)</u>
	<u>\$ 1,755,802</u>	<u>\$ 1,653,993</u>

5. Net assets internally restricted

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

	<u>2015</u>	<u>2014</u>
Operating	\$ 61,856	\$ 61,856
Building and capital asset	61,856	61,856
Opportunity reserve	<u>61,856</u>	<u>61,856</u>
	<u>\$ 185,568</u>	<u>\$ 185,568</u>

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

6. Related party transaction

During the year, Adelaide Non-Profit Housing transferred property with a fair market value of \$11,000 to the organization to repay a loan of \$120,583. The difference of \$109,583 has been written off.

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2015

7. Financial instruments

Fair Values

The fair value of cash, accounts receivable and accounts payable and accrued liabilities 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.

Credit risk

In management's opinion the Organization is exposed to credit risk in the event of non-payment by their customers for their accounts receivable. The Organization 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.

Market and interest rate risk

In management's opinion the Organization is not exposed to any significant market and interest rate risk.

Concentrations of risk

In management's opinion the Organization is not exposed to any significant concentrations of risk.

Liquidity risk

In management's opinion the Organization is not exposed to any significant liquidity risk.

Foreign currency risk

In management's opinion the Organization is not exposed to any significant foreign currency risk. There has been no change to risk exposures from 2014.

8. Contingency

St. Andrew's Residence, Chatham, has been named as a co-defendant in a legal action claiming damages up to \$95,000. Management and the board are of the opinion that there is a strong defence against the claim. Accordingly, no provision for loss has been reflected in the accounts for this matter.

St. Andrew's Residence, Chatham
Schedule - Expenses - Operating Fund
Year ended March 31, 2015

	2015	2014
Physical and personal needs		
Food and supplies	\$ 152,962	\$ 174,372
Physician	2,625	4,500
Medical supplies	13,390	20,642
Entertainment	9,772	7,822
Sundry	<u>3,386</u>	<u>4,059</u>
	<u>\$ 182,135</u>	<u>\$ 211,395</u>
Accommodation		
Heat	\$ 25,686	\$ 21,712
Cable TV	29,860	28,886
Water	12,835	13,904
Electricity	94,675	97,861
Telephone	9,316	11,587
Housekeeping	12,276	14,135
Laundry	4,502	5,165
Maintenance and repairs	212,567	130,000
Property taxes	<u>53,696</u>	<u>54,328</u>
	<u>\$ 455,413</u>	<u>\$ 377,578</u>
Administration		
Membership fees and dues	\$ 13,534	\$ 17,412
Travel	6,812	14,587
Office and general	63,110	99,373
Advertising	14,660	14,522
Legal and labour	99,738	109,978
Audit	6,375	5,028
Consulting	2,096	905
Insurance	<u>23,151</u>	<u>23,417</u>
	<u>\$ 229,476</u>	<u>\$ 285,222</u>