

St. Andrew's Residence, Chatham

Financial Statements

Year ended March 31, 2013



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, 2013 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.

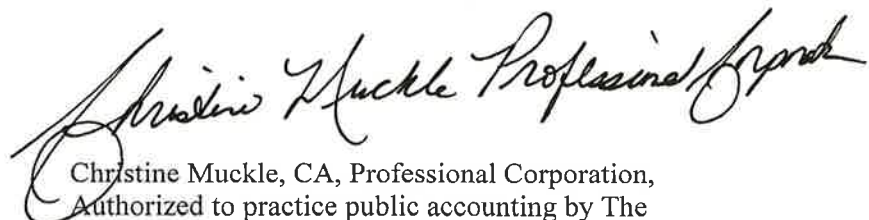
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, 2013, 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 27, 2013


Christine Muckle, CA, 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, 2013

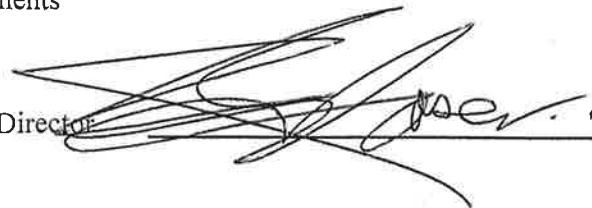
	2013	2012
Assets		
Current Assets		
Cash	\$ 505,631	\$ 285,980
Terrace replacement reserve	94,392	95,776
Accounts receivable	101,063	215,671
Receivable from Adelaide Non-Profit Housing Community	105,921	-
Inventories	22,441	23,990
Prepaid expenses	<u>11,963</u>	<u>8,992</u>
	841,411	630,409
Capital assets (note 4)	<u>6,024,302</u>	<u>6,253,487</u>
	<u>\$ 6,865,713</u>	<u>\$ 6,883,896</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 94,326	\$ 144,044
Deferred income	38,229	24,000
Terrace replacement reserve	<u>94,392</u>	<u>95,776</u>
	226,947	263,820
Deferred capital contributions (note 5)	4,289,267	4,482,302
Net Assets		
Invested in capital assets (note 6)	1,735,035	1,771,185
Unrestricted	487,429	366,589
Internally restricted (note 7)	<u>127,035</u>	<u>-</u>
	<u>2,349,499</u>	<u>2,137,774</u>
	<u>\$ 6,865,713</u>	<u>\$ 6,883,896</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, 2013

	Operating Fund	Capital Fund	St. Andrew's Terrace Fund	2013 Total	2012 Total
Revenue					
Residents	\$ 2,158,296	\$ -	-	\$ 2,158,296	\$ 2,072,742
Seniors Day Out Program	135,601	-	-	135,601	125,037
Meals on Wheels	341,507	-	-	341,507	219,093
Amortization of deferred capital contributions	-	85,929	107,106	193,035	193,035
Donations	9,039	-	-	9,039	11,543
Community Programs	10,771	-	-	10,771	-
Hospice	-	-	-	-	74,000
Sundry	<u>222,731</u>	<u>-</u>	<u>-</u>	<u>222,731</u>	<u>195,130</u>
	<u>2,877,945</u>	<u>85,929</u>	<u>107,106</u>	<u>3,070,980</u>	<u>2,890,580</u>
Expenses					
Salaries, wages and benefits	1,309,041	-	-	1,309,041	1,200,838
Bank interest and charges	7,619	-	-	7,619	7,166
Seniors Day Out Program	120,221	-	-	120,221	130,043
Meals on Wheels	357,754	-	-	357,754	220,490
Community programs	10,771	-	-	10,771	-
Physical and personal needs (schedule)	222,504	-	-	222,504	213,138
Accommodation (schedule)	339,139	-	-	339,139	384,351
Administration (schedule)	217,983	-	-	217,983	171,851
Hospice	-	-	-	-	74,000
Amortization	<u>-</u>	<u>167,117</u>	<u>107,106</u>	<u>274,223</u>	<u>285,278</u>
	<u>2,585,032</u>	<u>167,117</u>	<u>107,106</u>	<u>2,859,255</u>	<u>2,687,155</u>
Excess of revenue over expenses (expenses over revenue)	292,913	(81,188)	-	211,725	203,425
Fund balances, beginning of year	366,589	1,771,185	-	2,137,774	1,934,349
Interfund transfers	<u>(45,038)</u>	<u>45,038</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 614,464</u>	<u>\$ 1,735,035</u>	<u>\$ -</u>	<u>2,349,499</u>	<u>\$ 2,137,774</u>

St. Andrew's Residence, Chatham

Statement of Cash Flows

Year ended March 31, 2013

	2013	2012
Cash Provided by (used for)		
Operations		
Excess of revenue over expenses	\$ 211,725	\$ 203,425
Items not involving cash		
Amortization	274,223	285,278
Amortization of deferred capital contributions	<u>(193,035)</u>	<u>(193,035)</u>
	292,913	295,668
Changes in non-cash operating working capital		
Decrease in accounts receivable	114,608	9,841
Decrease in inventories	1,549	955
Decrease (increase) in prepaid expenses	(2,971)	602
Increase (decrease) in accounts payable and accrued liabilities	(49,718)	13,768
Increase in deferred income	<u>14,229</u>	<u>24,000</u>
	370,610	344,834
Investments		
Purchase of capital assets	(45,038)	-
Financing		
Receivable from St. Andrew's Residence, Chatham Foundation	-	(74,309)
Receivable from Adelaide Non-Profit Housing Community	<u>(105,921)</u>	<u>-</u>
	<u>(105,921)</u>	<u>(74,309)</u>
Increase in cash position	219,651	270,525
Cash, beginning of year	<u>285,980</u>	<u>15,455</u>
Cash, end of year	<u>\$ 505,631</u>	<u>\$ 285,980</u>

See accompanying notes to financial statements

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2013

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. Change in basis of accounting

These are the St. Andrew's Residence, Chatham's first financial statements prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO). In prior years, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The impacts of this change are disclosed in note 3 of these financial statements.

2. 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.

The St. Andrew's Terrace fund reflects the cost of construction of St. Andrew's Terrace and related lease prepayments.

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.

The Terrace project follows the deferral method of accounting for resident prepayments. Life lease prepayments received are deferred and amortized to income on the same basis as the related capital assets are amortized.

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.

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2013

2. Summary of Significant Accounting Policies (continued)

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%

Replacement reserve

While there is no legislative requirement for the project to accumulate a reserve for future repairs and replacements, the Board of Directors has determined it will designate funds as available. These contributions will be determined annually.

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 (2012-\$nil).

Capital disclosure

The corporation considers its capital to be the balance maintained in fund balances. The primary objective of the corporation is to invest its capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of its board of directors with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments on hand for current cash flow requirements. Annual budgets are developed and monitored to ensure the corporation's capital is maintained at an appropriate level.

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.

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2013

3. Impact of the change in the basis of accounting

Changes as a result of adoption of ASNPO

There were no restatements required as a result of applying the significant accounting policies as described in note 2.

Elective exemptions used in the transition to ASNPO

There are no restatements required as a result of applying the elective exemptions.

Adjustments to net assets at April 1, 2011

There are no adjustments to net assets as previously reported at April 1, 2011.

Adjustments to statement of financial position as at April 1, 2011 and March 31, 2012

There are no adjustments to net assets as previously reported at April 1, 2011 as previously reported as at April 1, 2011 or March 31, 2012.

Adjustments to statement of operations and changes in net assets for the year ended March 31, 2012

There were no restatements to the statement of operations or changes in net assets as previously reported for the year ending March 31, 2012.

Adjustments to statement of cash flows for the year ended March 31, 2012

There were no adjustments required to presentation in the statement of cash flows presented at March 31, 2012.

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2013 Net Book Value</u>	<u>2012 Net Book Value</u>
Land	\$ 538,051	\$ -	\$ 538,051	\$ 538,051
Buildings				
Residence	4,695,926	2,454,331	2,241,595	2,306,584
Terrace	4,284,231	1,525,842	2,758,389	2,865,495
Parking lot	220,578	72,007	148,571	154,085
Equipment	<u>1,303,089</u>	<u>965,393</u>	<u>337,696</u>	<u>389,272</u>
	<u>\$ 11,041,875</u>	<u>\$ 5,017,573</u>	<u>\$ 6,024,302</u>	<u>\$ 6,253,487</u>

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2013

5. 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>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 4,482,302	\$ 4,675,337
Amortization of capital contributions	<u>(193,035)</u>	<u>(193,035)</u>
	<u>\$ 4,289,267</u>	<u>\$ 4,482,302</u>

6. Invested in capital assets

	<u>2013</u>	<u>2012</u>
Capital assets	\$ 6,024,302	\$ 6,253,486
Amounts financed by:		
Deferred capital contributions	<u>(4,289,267)</u>	<u>(4,482,302)</u>
	<u>\$ 1,735,035</u>	<u>\$ 1,771,184</u>

7. Net assets internally restricted

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

	<u>2013</u>	<u>2012</u>
Operating	\$ 42,345	\$ -
Building and capital asset	42,345	-
Opportunity reserve	<u>42,345</u>	<u>-</u>
	<u>\$ 127,035</u>	<u>\$ -</u>

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

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2013

8. Financial instruments

Fair Values

The fair value of cash, Terrace replacement reserve, 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.

St. Andrew's Residence, Chatham
Schedule - Expenses - Operating Fund
Year ended March 31, 2013

	2013	2012
Physical and personal needs		
Food and supplies	\$ 187,443	\$ 188,232
Physician	4,500	4,326
Medical supplies	19,066	12,625
Entertainment	7,928	5,209
Sundry	<u>3,567</u>	<u>2,746</u>
	<u>\$ 222,504</u>	<u>\$ 213,138</u>
Accommodation		
Heat	\$ 18,885	\$ 20,768
Cable TV	28,886	28,886
Water	14,395	14,720
Electricity	84,779	76,296
Telephone	8,379	7,158
Housekeeping	9,384	9,435
Laundry	4,203	2,586
Maintenance and repairs	121,207	175,012
Property taxes	<u>49,021</u>	<u>49,490</u>
	<u>\$ 339,139</u>	<u>\$ 384,351</u>
Administration		
Membership fees and dues	\$ 18,027	\$ 5,828
Travel	34,036	11,343
Office and general	64,758	52,716
HST/GST	19,631	19,298
Advertising	15,285	16,493
Legal and labour	37,451	46,417
Audit	4,425	1,434
Insurance	<u>24,370</u>	<u>18,322</u>
	<u>\$ 217,983</u>	<u>\$ 171,851</u>