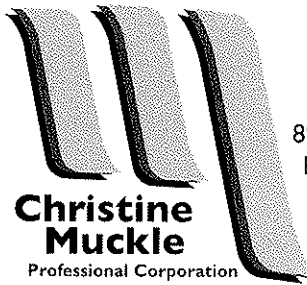


St. Andrew's Residence, Chatham

Financial Statements

Year ended March 31, 2011



8975 Middle Line, R.R. #5
Blenheim, ON N0P 1A0
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fax: 519-676-5387
email: cmuckle@ciaccess.com

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, 2011 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 generally accepted accounting principles 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.

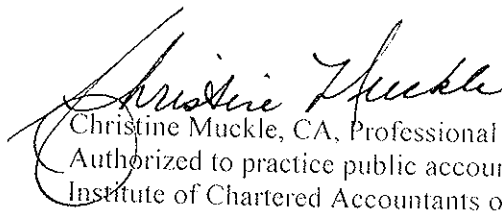
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Blenheim, Ontario
June 6, 2011


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, 2011

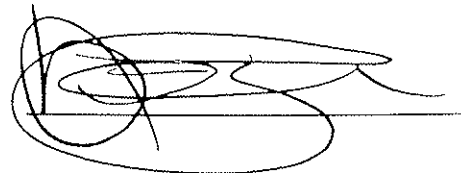
	2011	2010
Assets		
Current Assets		
Cash	\$ 15,455	\$ 363,498
Terrace replacement reserve	90,730	91,183
Accounts receivable	151,203	26,415
Inventories	24,945	24,253
Prepaid expenses	<u>9,594</u>	<u>6,251</u>
	291,927	511,600
Capital assets (note 2)	<u>6,538,765</u>	<u>5,412,738</u>
	<u>\$ 6,830,692</u>	<u>\$ 5,924,338</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 130,276	\$ 278,829
Deferred income	-	48,938
Terrace replacement reserve	<u>90,730</u>	<u>91,183</u>
	221,006	418,950
Deferred capital contributions (note 4)	4,675,337	3,615,646
Net Assets		
Invested in capital assets	1,863,428	1,797,092
Unrestricted	<u>70,921</u>	<u>92,650</u>
	<u>1,934,349</u>	<u>1,889,742</u>
	<u>\$ 6,830,692</u>	<u>\$ 5,924,338</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, 2011

	Operating Fund	Capital Fund	St. Andrew's Terrace Fund	2011 Total	2010 Total
Revenue					
Residents	\$ 1,755,935	\$ -	-	\$ 1,755,935	\$ 1,799,132
Distribution from St. Andrew's Residence, Chatham Foundation (note 7)	84,886	-	-	84,886	165,920
Seniors Day Out Program	126,120	-	-	126,120	123,035
Meals on Wheels	185,955	-	-	185,955	159,197
Amortization of deferred capital contributions	-	86,215	107,106	193,321	173,297
Donations	7,338	-	-	7,338	15,250
Sundry	<u>143,877</u>	-	-	<u>143,877</u>	<u>140,712</u>
	2,304,111	86,215	107,106	2,497,432	2,576,543
Expenses					
Salaries, wages and benefits	1,159,859	-	-	1,159,859	1,181,467
Bank interest and charges	6,810	-	-	6,810	5,649
Mortgage interest	-	-	-	-	1,700
Seniors Day Out Program	134,884	-	-	134,884	111,418
Meals on Wheels	181,816	-	-	181,816	156,185
Physical and personal needs (schedule)	181,722	-	-	181,722	192,802
Accommodation (schedule)	334,589	-	-	334,589	303,909
Administration (schedule)	172,945	-	-	172,945	92,354
Amortization	-	173,094	107,106	280,200	254,183
	<u>2,172,625</u>	<u>173,094</u>	<u>107,106</u>	<u>2,452,825</u>	<u>2,299,667</u>
Excess of revenue over expenses (expenses over revenue)	131,486	(86,879)	-	44,607	276,876
Fund balances, beginning of year	92,650	1,797,092	-	1,889,742	1,612,866
Interfund transfers	<u>(153,215)</u>	<u>153,215</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 70,921</u>	<u>\$ 1,863,428</u>	<u>\$ -</u>	<u>\$ 1,934,349</u>	<u>\$ 1,889,742</u>

St. Andrew's Residence, Chatham

Statement of Cash Flows

Year ended March 31, 2011

	2011	2010
Cash Provided by (used for)		
Operations		
Excess of revenue over expenses	\$ 44,607	\$ 276,876
Items not involving cash		
Amortization	280,200	254,183
Amortization of deferred capital contributions	<u>(193,321)</u>	<u>(173,297)</u>
	131,486	357,762
Changes in non-cash operating working capital		
Decrease (increase) in accounts receivable	(124,788)	37,915
Decrease (increase) in inventories	(692)	133
Decrease (increase) in prepaid expenses	(3,343)	2,212
Increase (decrease) in accounts payable and accrued liabilities	(148,553)	192,605
Decrease in deferred income	<u>(48,938)</u>	<u>(81,409)</u>
	(194,828)	509,218
Investments		
Purchase of capital assets	(1,406,227)	(363,008)
Increase in deferred contribution	<u>1,253,012</u>	<u>207,550</u>
	<u>(153,215)</u>	<u>(155,458)</u>
Financing		
Repayment of loan to Foundation	<u>-</u>	<u>(63,130)</u>
Increase (decrease) in cash position	(348,043)	290,630
Cash position, beginning of year	<u>363,498</u>	<u>72,868</u>
Cash position, end of year	<u>\$ 15,455</u>	<u>\$ 363,498</u>

See accompanying notes to financial statements

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2011

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.

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.

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, 2011

I. Summary of Significant Accounting Policies (continued)

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 (2010-\$nil).

Capital disclosures

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

Cash and Terrace replacement reserve are classified as held for trading. 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 generally accepted accounting principles 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, 2011

2. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2011 Net Book Value</u>	<u>2010 Net Book Value</u>
Land	\$ 538,051	\$ -	\$ 538,051	\$ 538,051
Buildings				
Residence	4,662,846	2,259,020	2,403,826	971,311
Terrace	4,284,231	1,311,630	2,972,601	3,079,707
Parking lot	220,578	60,979	159,599	165,113
Parking lot	1,291,130	826,442	464,688	399,852
Construction in progress	-	-	-	258,704
	<u>\$ 10,996,836</u>	<u>\$ 4,458,071</u>	<u>\$ 6,538,765</u>	<u>\$ 5,412,738</u>

The net book value of capital assets is shown on the balance sheet.

3. Bank indebtedness

The Corporation has a line of credit which is secured by a general security agreement and a guarantee by St. Andrew's Residence, Chatham Foundation in an amount that is limited to \$220,000 secured by a Guarantee Investment Certificate issued by CIBC Trust Corporation in the amount of \$170,000.

4. 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>2011</u>	<u>2010</u>
Balance, beginning of period	\$ 3,615,646	\$ 3,581,393
Contributions received for capital purposes	1,253,012	207,550
Amortization of capital contributions	<u>(193,321)</u>	<u>(173,297)</u>
	<u>\$ 4,675,337</u>	<u>\$ 3,615,646</u>

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2011

5. Invested in capital assets

	<u>2011</u>	<u>2010</u>
Capital assets	\$ 6,538,765	\$ 5,412,738
Amounts financed by:		
Deferred capital contributions	<u>(4,675,337)</u>	<u>(3,615,646)</u>
	<u>\$ 1,863,428</u>	<u>\$ 1,797,092</u>

6. Foundation

St. Andrew's Residence, Chatham Foundation (the "Foundation") was established to receive donations and bequests for the benefit of the Residence. The Foundation is incorporated without share capital under the laws of Ontario and is a registered charity under the Income Tax Act. The Residence and Foundation have common board members and according to the Foundation by-laws, all resources of the Foundation must be provided to the Residence or used for the Residence's benefit.

The Foundation has not been consolidated in the statements of the Residence. Separate financial statements of the Foundation are available upon request. A financial summary of the non-consolidated entity as at March 31, 2011 and 2010 and for the period then ended is as follows:

	<u>2011</u>	<u>2010</u>
Financial Position		
Total assets	\$ 216,287	\$ 1,487,636
Total liabilities	<u>1,000</u>	<u>4,561</u>
Total net assets	215,287	1,483,075
Results of operations		
Total revenues	412,514	174,671
Total expenses	<u>1,307,929</u>	<u>270,719</u>
Excess of revenue over expenses (expenses over revenue)	(895,415)	(96,048)
Cash flows provided by (used for)		
Operations	(1,252,613)	248,926
Investments	1,222,592	(264,415)

An amount of \$84,886 (2010-\$165,920) has been received from the Foundation and recorded in the operating fund. In addition \$1,217,520 (2010-\$83,371) was received from the Foundation for renovations and is recorded in the capital fund as a deferred contribution. Interest of \$nil (2010-\$1,700) was paid to the Foundation on the 5% loan payable.

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2011

7. Financial instruments

The Residence's financial instruments consist of cash, Terrace replacement reserve, accounts receivable and accounts payable and accrued liabilities. Cash and Terrace replacement reserve are reported at fair value on the statement of financial position. Accounts receivable and accounts payable and accrued liabilities are reported at amortized cost which approximates fair value due either to the short-term nature or the applicability of interest rates which approximate market rates at March 31, 2011.

It is the management's opinion that the Residence is not exposed to significant interest risk arising from these financial instruments. The Residence is exposed to credit risk equal to its accounts receivable.

St. Andrew's Residence, Chatham
Schedule - Expenses - Operating Fund
Year ended March 31, 2011

	2011	2010
Physical and personal needs		
Food and supplies	\$ 160,884	\$ 169,122
Physical and personal	-	304
Physician	4,326	4,326
Medical supplies	10,183	11,924
Entertainment	4,524	5,610
Sundry	<u>1,805</u>	<u>1,516</u>
	<u>\$ 181,722</u>	<u>\$ 192,802</u>
Accommodation		
Heat	\$ 23,279	\$ 24,842
Cable TV	29,487	30,308
Water	14,222	14,846
Electricity	72,664	65,394
Telephone	5,739	4,749
Housekeeping	11,605	7,929
Laundry	1,438	1,392
Maintenance and repairs	132,243	105,634
Property taxes	<u>43,912</u>	<u>48,815</u>
	<u>\$ 334,589</u>	<u>\$ 303,909</u>
Administration		
Membership fees and dues	\$ 4,122	\$ 5,773
Travel	2,901	2,019
Office and general	33,677	24,085
HST/GST	69,326	12,830
Advertising	35,233	26,956
Legal and labour	7,027	1,194
Audit	4,220	4,111
Insurance	<u>16,439</u>	<u>15,386</u>
	<u>\$ 172,945</u>	<u>\$ 92,354</u>