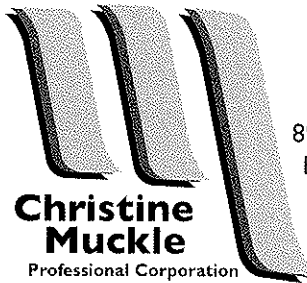


**St. Andrew's Residence, Chatham**

**Financial Statements**

**Year ended March 31, 2012**



8975 Middle Line, R.R. #5  
Blenheim, ON N0P 1A0  
phone: 519-676-2855  
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, 2012 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.

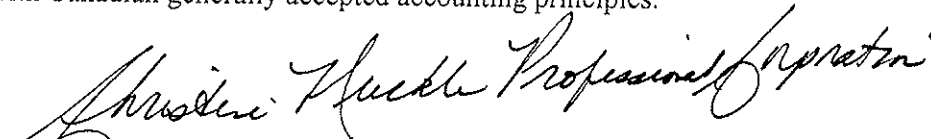
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Blenheim, Ontario  
May 28, 2012

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

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

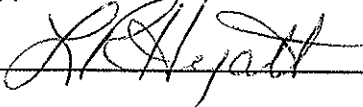
**Statement of Financial Position**

March 31, 2012

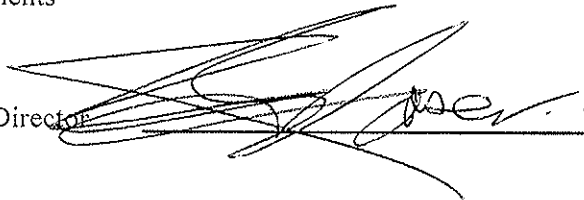
	2012	2011
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 285,980	\$ 15,455
Terrace replacement reserve	95,776	90,730
Accounts receivable	141,362	151,203
Receivable from St. Andrew's Residence, Chatham Foundation	74,309	-
Inventories	23,990	24,945
Prepaid expenses	<u>8,992</u>	<u>9,594</u>
	630,409	291,927
<b>Capital assets (note 2)</b>	<u>6,253,487</u>	<u>6,538,765</u>
	<u>\$ 6,883,896</u>	<u>\$ 6,830,692</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 144,044	\$ 130,276
Deferred income	24,000	-
Terrace replacement reserve	<u>95,776</u>	<u>90,730</u>
	263,820	221,006
<b>Deferred capital contributions (note 3)</b>	4,482,302	4,675,337
<b>Net Assets</b>		
Invested in capital assets	1,771,185	1,863,428
Unrestricted	<u>366,589</u>	<u>70,921</u>
	<u>2,137,774</u>	<u>1,934,349</u>
	<u>\$ 6,883,896</u>	<u>\$ 6,830,692</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, 2012

	Operating Fund	Capital Fund	St. Andrew's Terrace Fund	2012 Total	2011 Total
<b>Revenue</b>					
Residents	\$ 2,072,742	\$ -	\$ -	\$ 2,072,742	\$ 1,755,935
Distribution from St. Andrew's Residence, Chatham Foundation (note 7)	-	-	-	-	84,886
Seniors Day Out Program	125,037	-	-	125,037	126,120
Meals on Wheels	219,093	-	-	219,093	185,955
Amortization of deferred capital contributions	-	85,929	107,106	193,035	193,321
Donations	11,543	-	-	11,543	7,338
Hospice	74,000	-	-	74,000	-
Sundry	195,130	-	-	195,130	143,877
	<u>2,697,545</u>	<u>85,929</u>	<u>107,106</u>	<u>2,890,580</u>	<u>2,497,432</u>
<b>Expenses</b>					
Salaries, wages and benefits	1,200,838	-	-	1,200,838	1,159,859
Bank interest and charges	7,166	-	-	7,166	6,810
Seniors Day Out Program	130,043	-	-	130,043	134,884
Meals on Wheels	220,490	-	-	220,490	181,816
Physical and personal needs (schedule)	213,138	-	-	213,138	181,722
Accommodation (schedule)	384,351	-	-	384,351	334,589
Administration (schedule)	171,851	-	-	171,851	172,945
Hospice	74,000	-	-	74,000	-
Amortization	-	178,172	107,106	285,278	280,200
	<u>2,401,877</u>	<u>178,172</u>	<u>107,106</u>	<u>2,687,155</u>	<u>2,452,825</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	295,668	(92,243)	-	203,425	44,607
Fund balances, beginning of year	70,921	1,863,428	-	1,934,349	1,889,742
<b>Fund balances, end of year</b>	<u>\$ 366,589</u>	<u>\$ 1,771,185</u>	<u>\$ -</u>	<u>\$ 2,137,774</u>	<u>\$ 1,934,349</u>

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

**Statement of Cash Flows**

**Year ended March 31, 2012**

	2012	2011
<b>Cash Provided by (used for)</b>		
<b>Operations</b>		
Excess of revenue over expenses	\$ 203,425	\$ 44,607
Items not involving cash		
Amortization	285,278	280,200
Amortization of deferred capital contributions	<u>(193,035)</u>	<u>(193,321)</u>
	295,668	131,486
Changes in non-cash operating working capital		
Decrease (increase) in accounts receivable	9,841	(124,788)
Decrease (increase) in inventories	955	(692)
Decrease (increase) in prepaid expenses	602	(3,343)
Increase (decrease) in accounts payable and accrued liabilities	13,768	(148,553)
Increase (decrease) in deferred income	<u>24,000</u>	<u>(48,938)</u>
	344,834	(194,828)
<b>Investments</b>		
Purchase of capital assets	-	(1,406,227)
Increase in deferred contribution	<u>-</u>	<u>1,253,012</u>
	-	(153,215)
<b>Financing</b>		
Receivable from St. Andrew's Residence, Chatham Foundation	<u>(74,309)</u>	<u>-</u>
Increase (decrease) in cash position	270,525	(348,043)
Cash position, beginning of year	<u>15,455</u>	<u>363,498</u>
<b>Cash position, end of year</b>	<b><u>\$ 285,980</u></b>	<b><u>\$ 15,455</u></b>

See accompanying notes to financial statements

# St. Andrew's Residence, Chatham

## Notes to Financial Statements

Year ended March 31, 2012

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### 1. 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 (2011-\$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*

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, 2012

**2. Capital assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2012 Net Book Value</u>	<u>2011 Net Book Value</u>
Land	\$ 538,051	\$ -	\$ 538,051	\$ 538,051
Buildings				
Residence	4,662,846	2,356,262	2,306,584	2,403,827
Terrace	4,284,231	1,418,736	2,865,495	2,972,601
Parking lot	220,578	66,493	154,085	159,599
Equipment	<u>1,291,130</u>	<u>901,858</u>	<u>389,272</u>	<u>464,687</u>
	<u>\$ 10,996,836</u>	<u>\$ 4,743,349</u>	<u>\$ 6,253,487</u>	<u>\$ 6,538,765</u>

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

**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>2012</u>	<u>2011</u>
Balance, beginning of period	\$ 4,675,337	\$ 3,615,646
Contributions received for capital purposes	-	1,253,012
Amortization of capital contributions	<u>(193,035)</u>	<u>(193,321)</u>
	<u>\$ 4,482,302</u>	<u>\$ 4,675,337</u>

**4. Invested in capital assets**

	<u>2012</u>	<u>2011</u>
Capital assets	\$ 6,253,487	\$ 6,538,765
Amounts financed by:		
Deferred capital contributions	<u>(4,482,302)</u>	<u>(4,675,337)</u>
	<u>\$ 1,771,185</u>	<u>\$ 1,863,428</u>

## St. Andrew's Residence, Chatham

### Notes to Financial Statements

Year ended March 31, 2012

#### 5. 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, 2012 and 2011 and for the year then ended is as follows:

	<u>2012</u>	<u>2011</u>
Financial Position		
Total assets	\$ 297,332	\$ 216,287
Total liabilities	<u>75,309</u>	<u>1,000</u>
Total net assets	222,023	215,287
Results of operations		
Total revenues	8,620	412,514
Total expenses	<u>1,884</u>	<u>1,307,929</u>
Excess of revenue over expenses (expenses over revenue)	6,736	(895,415)
Cash flows provided by (used for)		
Operations	6,736	(1,252,613)
Investments	(74,309)	-
Financing	(74,309)	-

An amount of \$nil (2011-\$84,886) has been received from the Foundation and recorded in the operating fund. In addition \$nil (2011-\$1,217,520) was received from the Foundation for renovations and is recorded in the capital fund as a deferred contribution.

#### 6. 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, 2012.

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, 2012**

	2012	2011
<b>Physical and personal needs</b>		
Food and supplies	\$ 188,232	\$ 160,884
Physician	4,326	4,326
Medical supplies	12,625	10,183
Entertainment	5,209	4,524
Sundry	2,746	1,805
	<u>\$ 213,138</u>	<u>\$ 181,722</u>
<b>Accommodation</b>		
Heat	\$ 20,768	\$ 23,279
Cable TV	28,886	29,487
Water	14,720	14,222
Electricity	76,296	72,664
Telephone	7,158	5,739
Housekeeping	9,435	11,605
Laundry	2,586	1,438
Maintenance and repairs	175,012	132,243
Property taxes	49,490	43,912
	<u>\$ 384,351</u>	<u>\$ 334,589</u>
<b>Administration</b>		
Membership fees and dues	\$ 5,828	\$ 4,122
Travel	11,343	2,901
Office and general	52,716	33,677
HST/GST	19,298	69,326
Advertising	16,493	35,233
Legal and labour	46,417	7,027
Audit	1,434	4,220
Insurance	18,322	16,439
	<u>\$ 171,851</u>	<u>\$ 172,945</u>

