

St. Andrew's Residence, Chatham

Financial Statements

Year ended March 31, 2018



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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 as at March 31, 2018 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, 2018, 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 31, 2018


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

St. Andrew's Residence, Chatham

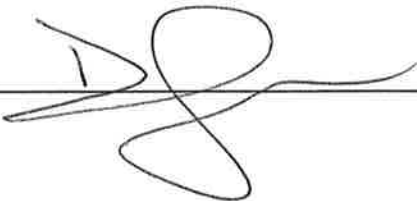
Statement of Financial Position

March 31, 2018

	2018	2017
Assets		
Current Assets		
Cash	\$ 705,250	\$ 694,619
Accounts receivable	66,837	84,580
Government taxes recoverable	66,763	43,761
Inventory	23,852	19,286
Prepaid expenses	<u>12,141</u>	<u>10,230</u>
	874,843	852,476
Capital assets (note 2)	<u>3,469,948</u>	<u>3,438,705</u>
	<u>\$ 4,344,791</u>	<u>\$ 4,291,181</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 197,577	\$ 171,853
Deferred contributions (note 3)	35,956	35,956
Current portion of long-term debt	<u>47,229</u>	<u>47,229</u>
	280,762	255,038
Long-term debt (note 4)	127,219	174,447
Deferred capital contributions (note 5)	1,147,190	1,216,130
Net Assets		
Invested in capital assets (note 6)	2,148,309	2,000,899
Internally restricted (note 7)	<u>641,311</u>	<u>644,667</u>
	<u>2,789,620</u>	<u>2,645,566</u>
Commitment (note 8)	<u>\$ 4,344,791</u>	<u>\$ 4,291,181</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, 2018

	Operating Fund	Capital Fund	2018 Total	2017 Total
Revenue				
Residents	\$ 2,560,602	\$ -	\$ 2,560,602	\$ 2,586,113
Seniors Day Out Program	126,283	-	126,283	120,487
Meals on Wheels	369,040	-	369,040	364,836
Amortization of deferred capital contributions	-	68,940	68,940	75,021
Donations	5,013	-	5,013	-
Community Programs	-	-	-	24,019
Sundry	<u>171,567</u>	<u>-</u>	<u>171,567</u>	<u>220,598</u>
	<u>3,232,505</u>	<u>68,940</u>	<u>3,301,445</u>	<u>3,391,074</u>
Expenses				
Salaries wages and benefits	1,687,038	-	1,687,038	1,697,290
Bank interest and charges	35,493	-	35,493	30,716
Seniors Day Out Program	127,471	-	127,471	113,458
Meals on Wheels	379,796	-	379,796	404,786
Community programs	-	-	-	19,076
Physical and personal needs (schedule)	189,395	-	189,395	183,382
Accommodation (schedule)	416,132	-	416,132	383,211
Administration (schedule)	121,085	-	121,085	153,293
Interest on long-term debt	-	8,896	8,896	3,159
Amortization	<u>-</u>	<u>192,085</u>	<u>192,085</u>	<u>195,566</u>
	<u>2,956,410</u>	<u>200,981</u>	<u>3,157,391</u>	<u>3,183,937</u>
Excess of revenue over expenses (expenses over revenue)	276,095	(132,041)	144,054	207,137
Fund balances, beginning of year	644,667	2,000,899	2,645,566	2,438,429
Interfund transfers	<u>(279,451)</u>	<u>279,451</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 641,311</u>	<u>\$ 2,148,309</u>	<u>\$ 2,789,620</u>	<u>\$ 2,645,566</u>

St. Andrew's Residence, Chatham

Statement of Cash Flows

Year ended March 31, 2018

	2018	2017
Cash Provided by (used for)		
Operations		
Excess of revenue over expenses	\$ 144,054	\$ 207,137
Items not involving cash		
Amortization	192,085	195,566
Amortization of deferred capital contributions	<u>(68,940)</u>	<u>(75,021)</u>
	267,199	327,682
Changes in non-cash operating working capital		
Decrease in accounts receivable	17,743	58,771
Increase in government taxes recoverable	(23,002)	(6,307)
Decrease(increase) in inventories	(4,566)	(216)
Decrease (increase) in prepaid expenses	(1,911)	(533)
Increase (decrease) in accounts payable and accrued liabilities	25,724	39,493
Increase (decrease) in deferred contributions	<u>-</u>	<u>4,731</u>
	281,187	423,621
Investments		
Purchase of capital assets	(223,328)	(325,374)
Financing		
Payments on long-term debt	(47,228)	(14,467)
Proceeds of long-term debt	<u>-</u>	<u>236,143</u>
	<u>(47,228)</u>	<u>221,676</u>
Increase in cash	10,631	319,923
Cash, beginning of year	<u>694,619</u>	<u>374,696</u>
Cash, end of year	<u>\$ 705,250</u>	<u>\$ 694,619</u>

See accompanying notes to financial statements

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2018

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 (2017-\$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, 2018

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>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Land	\$ 554,051	\$ -	\$ 554,051	\$ 554,051
Buildings	5,351,406	2,986,889	2,364,517	2,267,620
Parking lot	443,185	110,709	332,476	343,555
Equipment	<u>1,527,127</u>	<u>1,308,223</u>	<u>218,904</u>	<u>273,479</u>
	<u>\$ 7,875,769</u>	<u>\$ 4,405,821</u>	<u>\$ 3,469,948</u>	<u>\$ 3,438,705</u>

3. Deferred Contributions

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 35,956	\$ 31,225
Less: amounts recognized as revenue in the year	-	(6,039)
Plus: amount received related to the following year	<u>-</u>	<u>10,770</u>
Balance, end of year	<u>\$ 35,956</u>	<u>\$ 35,956</u>

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2018

4. Long-term debt

	<u>2018</u>	<u>2017</u>
Prime plus 1.5% Bank loan, payable \$2,003 monthly plus interest, due November 2021	\$ 86,126	\$ 110,161
Prime plus 1.5% Bank loan, payable \$860 monthly plus interest, due December 13, 2021	38,695	49,014
Prime plus 1.5% Bank loan, payable \$624 monthly plus interest, due January 3, 2022	28,085	35,574
Prime plus 1.5% Bank loan, payable \$449 monthly plus interest, due March 15, 2022	<u>21,542</u>	<u>26,927</u>
	174,448	221,676
Current portion of long-term debt	<u>(47,229)</u>	<u>(47,229)</u>
	<u>\$ 127,219</u>	<u>\$ 174,447</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 four years on long-term debt is as follows:

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>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,216,130	\$ 1,291,151
Amortization of capital contributions	<u>(68,939)</u>	<u>(75,021)</u>
Balance, end of year	<u>\$ 1,147,191</u>	<u>\$ 1,216,130</u>

6. Invested in capital assets

	<u>2018</u>	<u>2017</u>
Capital assets	\$ 3,469,948	\$ 3,438,705
Amounts financed by:		
Deferred capital contributions	(1,147,191)	(1,216,130)
Long-term debt	<u>(174,448)</u>	<u>(221,676)</u>
	<u>\$ 2,148,309</u>	<u>\$ 2,000,899</u>

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2018

7. Net assets internally restricted

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

	<u>2018</u>	<u>2017</u>
Operating	\$ 160,328	\$ 161,167
Building and capital asset	320,655	322,333
Opportunity reserve	<u>160,328</u>	<u>161,167</u>
	<u>\$ 641,311</u>	<u>\$ 644,667</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 2017.

St. Andrew's Residence, Chatham
Schedule - Expenses - Operating Fund
Year ended March 31, 2018

	2018	2017
Physical and personal needs		
Food and supplies	\$ 153,701	\$ 146,020
Medical supplies	23,103	24,052
Entertainment	10,209	11,221
Sundry	<u>2,382</u>	<u>2,089</u>
	<u>\$ 189,395</u>	<u>\$ 183,382</u>
Accommodation		
Heat	\$ 26,298	\$ 18,960
Cable TV	33,116	31,975
Water	11,998	12,883
Electricity	111,726	115,797
Telephone	7,583	8,344
Housekeeping	17,261	13,166
Laundry	21,771	25,229
Maintenance and repairs	140,103	110,364
Property taxes	<u>46,276</u>	<u>46,492</u>
	<u>\$ 416,132</u>	<u>\$ 383,210</u>
Administration		
Membership fees and dues	\$ 14,672	\$ 13,703
Travel	3,175	1,941
Office and general	45,512	47,206
Advertising	11,856	18,014
Legal and labour	13,081	38,523
Audit	8,082	7,120
Insurance	<u>24,707</u>	<u>26,786</u>
	<u>\$ 121,085</u>	<u>\$ 153,293</u>