

St. Andrew's Residence, Chatham

Financial Statements

Year ended March 31, 2016



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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, 2016 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.

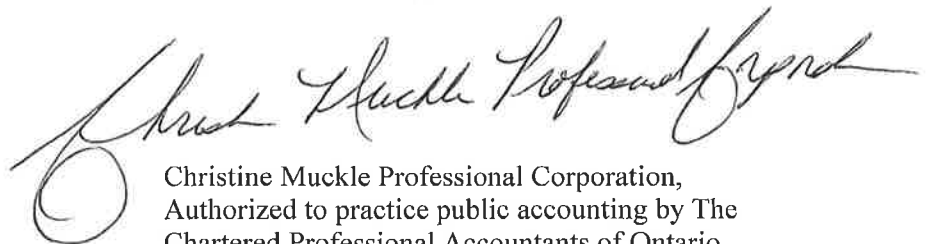
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, 2016, 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 30, 2016



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

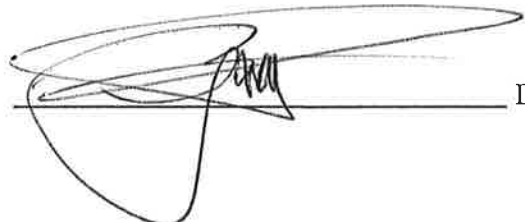
March 31, 2016

	2016	2015
Assets		
Current Assets		
Cash	\$ 374,696	\$ 522,394
Accounts receivable	180,805	182,883
Inventories	19,070	19,813
Prepaid expenses	<u>9,697</u>	<u>10,973</u>
	584,268	736,063
Capital assets (note 2)	<u>3,308,897</u>	<u>3,123,396</u>
	<u>\$ 3,893,165</u>	<u>\$ 3,859,459</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 132,360	\$ 163,910
Deferred contributions (note 3)	<u>31,225</u>	<u>72,184</u>
	163,585	236,094
Deferred capital contributions (note 4)	1,291,151	1,367,594
Net Assets		
Invested in capital assets (note 5)	2,017,746	1,755,802
Unrestricted	-	314,401
Internally restricted (note 6)	<u>420,683</u>	<u>185,568</u>
	<u>2,438,429</u>	<u>2,255,771</u>
Commitment (note 7)		
Contingency (note 10)		
	<u>\$ 3,893,165</u>	<u>\$ 3,859,459</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, 2016

	Operating Fund	Capital Fund	2016 Total	2015 Total
Revenue				
Residents	\$ 2,543,142	\$ -	\$ 2,543,142	\$ 2,281,896
Seniors Day Out Program	122,732	-	122,732	125,375
Meals on Wheels	353,303	-	353,303	354,182
Amortization of deferred capital contributions	-	76,443	76,443	79,865
Donations	900	-	900	5,188
Community Programs	72,475	-	72,475	70,267
New Horizons	1,296	-	1,296	23,841
Sundry	<u>227,527</u>	<u>-</u>	<u>227,527</u>	<u>224,373</u>
	<u>3,321,375</u>	<u>76,443</u>	<u>3,397,818</u>	<u>3,164,987</u>
Expenses				
Salaries, wages and benefits	1,703,400	-	1,703,400	1,599,303
Bank interest and charges	27,745	-	27,745	26,743
Seniors Day Out Program	118,401	-	118,401	115,860
Meals on Wheels	401,854	-	401,854	378,016
Community programs	74,768	-	74,768	68,730
Physical and personal needs (schedule)	206,521	-	206,521	182,135
Accommodation (schedule)	350,028	-	350,028	455,413
Administration (schedule)	150,435	-	150,435	229,476
New Horizons	1,296	-	1,296	23,841
Forgiveness of loan	-	-	-	109,583
Amortization	<u>-</u>	<u>180,712</u>	<u>180,712</u>	<u>167,171</u>
	<u>3,034,448</u>	<u>180,712</u>	<u>3,215,160</u>	<u>3,356,271</u>
Excess of revenue over expenses (expenses over revenue)	286,927	(104,269)	182,658	(191,284)
Fund balances, beginning of year	499,969	1,755,802	2,255,771	2,447,055
Interfund transfers	<u>(366,213)</u>	<u>366,213</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 420,683</u>	<u>\$ 2,017,746</u>	<u>\$ 2,438,429</u>	<u>\$ 2,255,771</u>

St. Andrew's Residence, Chatham

Statement of Cash Flows

Year ended March 31, 2016

	2016	2015
Cash Provided by (used for)		
Operations		
Excess of revenue over expenses (expenses over revenue)	\$ 182,658	\$ (191,284)
Items not involving cash		
Amortization	180,712	167,171
Amortization of deferred capital contributions	<u>(76,443)</u>	<u>(79,865)</u>
	286,927	(103,978)
Changes in non-cash operating working capital		
Decrease (increase) in accounts receivable	2,078	(47,209)
Decrease in inventories	743	2,230
Decrease (increase) in prepaid expenses	1,276	(1,695)
Increase (decrease) in accounts payable and accrued liabilities	(31,550)	(66,484)
Increase (decrease) in deferred contributions	<u>(40,959)</u>	<u>4,465</u>
	218,515	(212,671)
Investments		
Purchase of capital assets	(366,213)	(189,114)
Financing		
Receivable/Payable to Chatham Kent Hospice Inc.	-	(30,795)
Receivable from Adelaide Non-Profit Housing Community	<u>-</u>	<u>116,630</u>
	<u>-</u>	<u>85,835</u>
Decrease in cash	(147,698)	(315,950)
Cash, beginning of year	<u>522,394</u>	<u>838,344</u>
Cash, end of year	<u><u>\$ 374,696</u></u>	<u><u>\$ 522,394</u></u>

See accompanying notes to financial statements

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2016

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 (2015-\$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, 2016

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>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Land	\$ 554,051	\$ -	\$ 554,051	\$ 554,051
Buildings	5,082,494	2,763,261	2,319,233	2,227,038
Parking lot	220,578	88,549	132,029	137,543
Equipment	<u>1,469,942</u>	<u>1,166,358</u>	<u>303,584</u>	<u>204,764</u>
	<u>\$ 7,327,065</u>	<u>\$ 4,018,168</u>	<u>\$ 3,308,897</u>	<u>\$ 3,123,396</u>

3. Deferred Contributions

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 72,184	\$ 67,719
Less: amounts recognized as revenue in the year	-	41,237
Plus: amount received related to the following year	<u>(41,958)</u>	<u>(36,772)</u>
Balance, end of year	<u>\$ 30,226</u>	<u>\$ 72,184</u>

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2016

4. 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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 1,367,594	\$ 1,447,459
Amortization of capital contributions	<u>(76,443)</u>	<u>(79,865)</u>
	<u>\$ 1,291,151</u>	<u>\$ 1,367,594</u>

5. Invested in capital assets

	<u>2016</u>	<u>2015</u>
Capital assets	\$ 3,308,897	\$ 3,123,396
Amounts financed by:		
Deferred capital contributions	<u>(1,291,151)</u>	<u>(1,367,594)</u>
	<u>\$ 2,017,746</u>	<u>\$ 1,755,802</u>

6. Net assets internally restricted

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

	<u>2016</u>	<u>2015</u>
Operating	\$ 105,171	\$ 61,856
Building and capital asset	210,341	61,856
Opportunity reserve	<u>105,171</u>	<u>61,856</u>
	<u>\$ 420,683</u>	<u>\$ 185,568</u>

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

7. 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.

8. Line of Credit

The Corporation has negotiated a line of credit of \$500,000 to finance renovations and repair to the Residence building. The loan is secured by a general security agreement and a collateral mortgage in the amount of \$2,500,000. At March 31, 2016, there had been no advances on the line of credit.

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2016

9. 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 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 2015.

10. 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, 2016

	2016	2015
Physical and personal needs		
Food and supplies	\$ 178,314	\$ 152,962
Physician	-	2,625
Medical supplies	19,278	13,390
Entertainment	6,253	9,772
Sundry	<u>2,676</u>	<u>3,386</u>
	<u>\$ 206,521</u>	<u>\$ 182,135</u>
Accommodation		
Heat	\$ 19,516	\$ 25,686
Cable TV	30,455	29,860
Water	14,367	12,835
Electricity	102,681	94,675
Telephone	8,535	9,316
Housekeeping	17,080	12,276
Laundry	6,707	4,502
Maintenance and repairs	105,022	212,567
Property taxes	<u>45,665</u>	<u>53,696</u>
	<u>\$ 350,028</u>	<u>\$ 455,413</u>
Administration		
Membership fees and dues	\$ 14,717	\$ 13,534
Travel	6,920	6,812
Office and general	48,574	63,110
Advertising	21,716	14,660
Legal and labour	29,112	99,738
Audit	6,964	6,375
Consulting	-	2,096
Insurance	<u>22,432</u>	<u>23,151</u>
	<u>\$ 150,435</u>	<u>\$ 229,476</u>