

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

**Financial Statements**

**Year ended March 31, 2014**



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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, 2014 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.

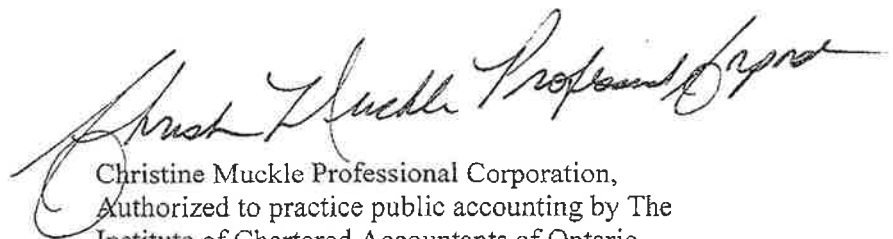
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making 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, 2014, 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, 2014

  
Christine Muckle 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, 2014

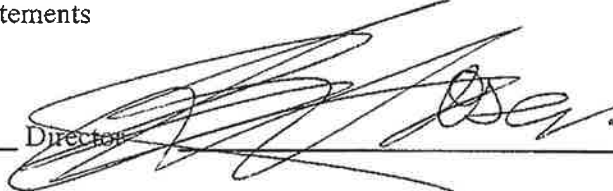
	2014	2013
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 838,344	\$ 505,631
Accounts receivable	113,916	101,063
Receivable from Adelaide Non-Profit Housing Community	116,630	105,921
Inventories	22,043	22,441
Prepaid expenses	<u>9,278</u>	<u>11,963</u>
	1,100,211	747,019
<b>Capital assets (note 2)</b>	<u>3,101,453</u>	<u>6,024,302</u>
	<u>\$ 4,201,664</u>	<u>\$ 6,771,321</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 230,394	\$ 94,326
Payable to Chatham Kent Hospice Inc.	9,037	-
Deferred income	<u>67,719</u>	<u>38,229</u>
	307,150	132,555
<b>Deferred capital contributions (note 3)</b>	1,447,459	4,289,267
<b>Net Assets</b>		
Invested in capital assets (note 4)	1,653,994	1,735,035
Unrestricted	607,493	487,429
Internally restricted (note 5)	<u>185,568</u>	<u>127,035</u>
	<u>2,447,055</u>	<u>2,349,499</u>
	<u>\$ 4,201,664</u>	<u>\$ 6,771,321</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, 2014**

	Operating Fund	Capital Fund	2014 Total	2013 Total
<b>Revenue</b>				
Residents	\$ 2,295,076	\$ -	\$ 2,295,076	\$ 2,158,296
Seniors Day Out Program	128,833	-	128,833	135,601
Meals on Wheels	435,746	-	435,746	341,507
Amortization of deferred capital contributions	-	93,721	93,721	193,035
Donations	5,315	-	5,315	9,039
Community Programs	76,567	-	76,567	10,771
Sundry	218,850	-	218,850	222,731
	<u>3,160,387</u>	<u>93,721</u>	<u>3,254,108</u>	<u>3,070,980</u>
<b>Expenses</b>				
Salaries, wages and benefits	1,377,924	-	1,377,924	1,309,041
Bank interest and charges	24,745	-	24,745	7,619
Seniors Day Out Program	114,650	-	114,650	120,221
Meals on Wheels	450,365	-	450,365	357,754
Community programs	134,654	-	134,654	10,771
Physical and personal needs (schedule)	211,395	-	211,395	222,504
Accommodation (schedule)	377,576	-	377,576	339,139
Administration (schedule)	285,222	-	285,222	217,983
Amortization	-	180,021	180,021	274,223
	<u>2,976,531</u>	<u>180,021</u>	<u>3,156,552</u>	<u>2,859,255</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	183,856	(86,300)	97,556	211,725
Fund balances, beginning of year	614,464	1,735,035	2,349,499	2,137,774
Interfund transfers	(5,259)	5,259	-	-
<b>Fund balances, end of year</b>	<u>\$ 793,061</u>	<u>\$ 1,653,994</u>	<u>\$ 2,447,055</u>	<u>\$ 2,349,499</u>

St. Andrew's Residence, Chatham

Statement of Cash Flows

Year ended March 31, 2014

	2014	2013
<b>Cash Provided by (used for)</b>		
<b>Operations</b>		
Excess of revenue over expenses	\$ 97,556	\$ 211,725
Items not involving cash		
Amortization	180,021	274,223
Amortization of deferred capital contributions	<u>(93,721)</u>	<u>(193,035)</u>
	183,856	292,913
Changes in non-cash operating working capital		
Decrease (increase) in accounts receivable	(12,853)	114,608
Decrease in inventories	398	1,549
Decrease (increase) in prepaid expenses	2,685	(2,971)
Increase (decrease) in accounts payable and accrued liabilities	136,068	(49,718)
Increase in deferred income	<u>29,490</u>	<u>14,229</u>
	339,644	370,610
<b>Investments</b>		
Purchase of capital assets	(5,259)	(45,038)
<b>Financing</b>		
Payable to Chatham Kent Hospice Inc.	9,037	-
Receivable from Adelaide Non-Profit Housing Community	<u>(10,709)</u>	<u>(105,921)</u>
	<u>(1,672)</u>	<u>(105,921)</u>
Increase in cash position	332,713	219,651
Cash, beginning of year	<u>505,631</u>	<u>285,980</u>
<b>Cash, end of year</b>	<u>\$ 838,344</u>	<u>\$ 505,631</u>

See accompanying notes to financial statements

# St. Andrew's Residence, Chatham

## Notes to Financial Statements

Year ended March 31, 2014

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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.

#### *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%

# St. Andrew's Residence, Chatham

## Notes to Financial Statements

Year ended March 31, 2014

### 1. Summary of Significant Accounting Policies (continued)

#### *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 (2013-\$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.

#### *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.

### 2. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net Book Value</u>	<u>2013 Net Book Value</u>
Land	\$ 538,051	\$ -	\$ 538,051	\$ 538,051
Buildings				
Residence	4,711,594	2,552,792	2,158,802	2,241,594
Terrace	-	-	-	2,758,389
Parking lot	220,578	77,521	143,057	148,571
Equipment	<u>1,301,513</u>	<u>1,039,970</u>	<u>261,543</u>	<u>337,696</u>
	<u>\$ 6,771,736</u>	<u>\$ 3,670,283</u>	<u>\$ 3,101,453</u>	<u>\$ 6,024,301</u>

## St. Andrew's Residence, Chatham

### Notes to Financial Statements

Year ended March 31, 2014

#### 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>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 4,289,267	\$ 4,482,302
Transfer of Terrace building	(2,748,087)	-
Amortization of capital contributions	<u>(93,721)</u>	<u>(193,035)</u>
	<u>\$ 1,447,459</u>	<u>\$ 4,289,267</u>

#### 4. Invested in capital assets

	<u>2014</u>	<u>2013</u>
Capital assets	\$ 3,101,453	\$ 6,024,300
Amounts financed by:		
Deferred capital contributions	<u>(1,447,459)</u>	<u>(4,289,267)</u>
	<u>\$ 1,653,994</u>	<u>\$ 1,735,033</u>

#### 5. Net assets internally restricted

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

	<u>2014</u>	<u>2013</u>
Operating	\$ 61,856	\$ 42,345
Building and capital asset	61,856	42,345
Opportunity reserve	<u>61,856</u>	<u>42,345</u>
	<u>\$ 185,568</u>	<u>\$ 127,035</u>

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

#### 6. Related party transaction

In July 2013, the organization transferred the Terrace building to St. Andrew's Terrace Life Lease Residence Inc. at its carrying value. The net book value of the assets were \$2,758,389 and net deferred capital contributions were \$2,748,087.



## St. Andrew's Residence, Chatham

### Notes to Financial Statements

Year ended March 31, 2014

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#### 7. 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 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.

#### 8. Subsequent event

On May 8, 2014, the Organization signed a Memorandum of Understanding with Chatham Kent Hospice Inc. to establish a cooperative framework between them to facilitate completion of a 10 bed residential hospice and palliative care facility and the efficient and effective program delivery in connection therewith.

**St. Andrew's Residence, Chatham**  
**Schedule - Expenses - Operating Fund**  
**Year ended March 31, 2014**

	2014	2013
<b>Physical and personal needs</b>		
Food and supplies	\$ 174,372	\$ 187,443
Physician	4,500	4,500
Medical supplies	20,642	19,066
Entertainment	7,822	7,928
Sundry	4,059	3,566
	<u>\$ 211,395</u>	<u>\$ 222,503</u>
<b>Accommodation</b>		
Heat	\$ 21,712	\$ 18,885
Cable TV	28,886	28,886
Water	13,904	14,395
Electricity	97,861	84,779
Telephone	11,587	8,379
Housekeeping	14,135	9,384
Laundry	5,165	4,203
Maintenance and repairs	130,000	121,207
Property taxes	54,328	49,021
	<u>\$ 377,578</u>	<u>\$ 339,139</u>
<b>Administration</b>		
Membership fees and dues	\$ 17,412	\$ 18,027
Travel	14,587	34,036
Office and general	99,373	84,389
Advertising	14,522	15,285
Legal and labour	109,978	37,451
Audit	5,028	4,425
Consulting	905	-
Insurance	23,417	24,370
	<u>\$ 285,222</u>	<u>\$ 217,983</u>