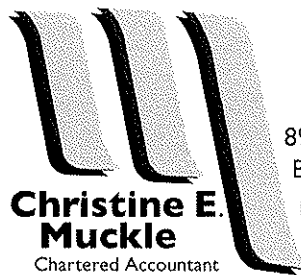


St. Andrew's Residence, Chatham

Financial Statements

Year ended March 31, 2010



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AUDITOR'S REPORT

To the Directors of
St. Andrew's Residence, Chatham

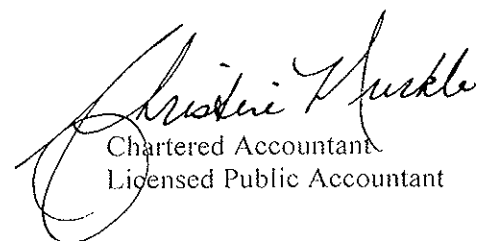
I have audited the balance sheet of St. Andrew's Residence, Chatham as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of the Fund taken as a whole. The supplementary information included in the Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blenheim, Ontario
May 26, 2010


Chartered Accountant
Licensed Public Accountant

St. Andrew's Residence, Chatham

Balance Sheet

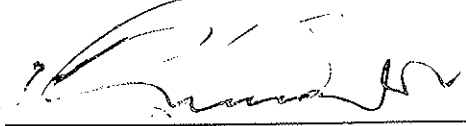
March 31, 2010

	2010	2009
Assets		
Current Assets		
Cash	\$ 363,498	\$ 72,868
Terrace replacement reserve	91,183	27,819
Accounts receivable	26,415	64,330
Inventories	24,253	24,386
Prepaid expenses	<u>6,251</u>	<u>8,463</u>
	511,600	197,866
Capital assets (note 2)	<u>5,412,738</u>	<u>5,303,913</u>
	<u>\$ 5,924,338</u>	<u>\$ 5,501,779</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 278,829	\$ 86,224
Deferred income	48,938	130,347
Terrace replacement reserve	91,183	27,819
Current portion of long-term debt	<u>-</u>	<u>5,000</u>
	418,950	249,390
Long-term debt (note 4)	-	58,130
Deferred capital contributions (note 5)	3,615,646	3,581,393
Net Assets		
Invested in capital assets	1,797,092	1,659,390
Unrestricted	<u>92,650</u>	<u>(46,524)</u>
	<u>1,889,742</u>	<u>1,612,866</u>
	<u>\$ 5,924,338</u>	<u>\$ 5,501,779</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 Net Assets

Year ended March 31, 2010

	Operating Fund	Capital Fund	St. Andrew's Terrace Fund	2010 Total	2009 Total
Revenue					
Residents	\$ 1,799,132	\$ -	\$ -	\$ 1,799,132	\$ 1,709,533
Distribution from St. Andrew's Residence, Chatham Foundation (note 7)	165,920	-	-	165,920	364,930
Seniors Day Out Program	123,035	-	-	123,035	122,352
Meals on Wheels	159,197	-	-	159,197	164,713
Amortization of deferred capital contributions	-	66,191	107,106	173,297	158,736
Donations	15,250	-	-	15,250	16,345
Sundry	<u>140,712</u>	-	-	<u>140,712</u>	<u>146,054</u>
	2,403,246	66,191	107,106	2,576,543	2,682,663
Expenses					
Salaries, wages and benefits	1,181,467	-	-	1,181,467	1,321,174
Bank interest and charges	5,649	-	-	5,649	8,799
Mortgage interest	-	1,700	-	1,700	3,701
Seniors Day Out Program	111,418	-	-	111,418	124,677
Meals on Wheels	156,185	-	-	156,185	164,745
Physical and personal needs (schedule)	192,802	-	-	192,802	197,806
Accommodation (schedule)	303,909	-	-	303,909	321,705
Administration (schedule)	92,354	-	-	92,354	79,680
Amortization	<u>-</u>	<u>147,077</u>	<u>107,106</u>	<u>254,183</u>	<u>244,665</u>
	2,043,784	148,777	107,106	2,299,667	2,466,952
Excess of revenue over expenses (expenses over revenue)	359,462	(82,586)	-	276,876	215,711
Net assets (deficit), beginning of year	(46,524)	1,659,390	-	1,612,866	1,397,155
Interfund transfers	<u>(220,288)</u>	<u>220,288</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 92,650</u>	<u>\$ 1,797,092</u>	<u>\$ -</u>	<u>\$ 1,889,742</u>	<u>\$ 1,612,866</u>

St. Andrew's Residence, Chatham

Statement of Cash Flows

Year ended March 31, 2010

	2010	2009
Cash Provided by (used for)		
Operations		
Excess of revenue over expenses	\$ 276,876	\$ 215,711
Items not involving cash		
Amortization	254,183	244,665
Amortization of deferred capital contributions	<u>(173,297)</u>	<u>(158,736)</u>
	357,762	301,640
Changes in non-cash operating working capital		
Decrease (increase) in accounts receivable	37,915	(44,449)
Decrease in inventories	133	1,028
Decrease in prepaid expenses	2,212	671
Increase (decrease) in accounts payable and accrued liabilities	192,605	(85,244)
Increase (decrease) in deferred income	<u>(81,409)</u>	<u>13,700</u>
	509,218	187,346
Investments		
Purchase of capital assets	(363,008)	(137,122)
Increase in deferred contribution	<u>207,550</u>	<u>77,255</u>
	<u>(155,458)</u>	<u>(59,867)</u>
Financing		
Repayment of loan to Foundation	<u>(63,130)</u>	<u>(31,600)</u>
Increase in cash position	290,630	95,879
Cash position, beginning of year	<u>72,868</u>	<u>(23,011)</u>
Cash position, end of year	<u>\$ 363,498</u>	<u>\$ 72,868</u>

See accompanying notes to financial statements

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2010

St. Andrew's Residence, Chatham is incorporated without share capital under the laws of Ontario. The Residence provides care, lodging and entertainment in a home for the aged. 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, 2010

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 (2009-\$2,300).

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.

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.

2. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2010 Net Book Value</u>	<u>2009 Net Book Value</u>
Land	\$ 538,051	\$ -	\$ 538,051	\$ 538,051
Buildings				
Residence	3,133,089	2,161,778	971,311	1,049,432
Terrace	4,284,231	1,204,524	3,079,707	3,186,813
Parking lot	220,578	55,465	165,113	121,285
Parking lot	1,155,957	756,105	399,852	408,332
Construction in progress	<u>258,704</u>	<u>-</u>	<u>258,704</u>	<u>-</u>
	<u>\$ 9,590,610</u>	<u>\$ 4,177,872</u>	<u>\$ 5,412,738</u>	<u>\$ 5,303,913</u>

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

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2010

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. Long-term debt

	<u>2010</u>	<u>2009</u>
5% Loan payable to St. Andrew's Residence Chatham, Foundation, payable a minimum of \$5,000 annually	\$ -	\$ 63,130
Less: current portion	<u>-</u>	<u>(5,000)</u>
	<u>\$ -</u>	<u>\$ 58,130</u>

5. 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>2010</u>	<u>2009</u>
Balance, beginning of period	\$ 3,581,393	\$ 3,662,874
Contributions received for capital purposes	207,550	77,255
Amortization of capital contributions	<u>(173,297)</u>	<u>(158,736)</u>
	<u>\$ 3,615,646</u>	<u>\$ 3,581,393</u>

6. Invested in capital assets

	<u>2010</u>	<u>2009</u>
Capital assets	\$ 5,412,738	\$ 5,303,913
Amounts financed by:		
Deferred capital contributions	(3,615,646)	(3,581,393)
Mortgage payable	<u>-</u>	<u>(63,130)</u>
	<u>\$ 1,797,092</u>	<u>\$ 1,659,390</u>

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2010

7. 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, 2010 and 2009 and for the period then ended is as follows:

	<u>2010</u>	<u>2009</u>
Financial Position		
Total assets	\$ 1,487,636	\$ 1,217,537
Total liabilities	<u>4,561</u>	<u>23,500</u>
Total net assets	1,483,075	1,194,037
Results of operations		
Total revenues	174,671	180,602
Total expenses	<u>270,719</u>	<u>418,500</u>
Excess of revenue over expenses (expenses over revenue)	(96,048)	(237,898)
Cash flows provided by (used for)		
Operations	248,926	(451,823)
Investments	(264,415)	514,232

An amount of \$165,920 (2009-\$364,930) has been received from the Foundation and recorded in the operating fund. In addition \$83,671 (2009-\$50,000) was received from the Foundation for renovations and is recorded in the capital fund as a deferred contribution. Interest of \$1,700 (2009-\$3,701) was paid to the Foundation on the 5% loan payable.

St. Andrew's Residence, Chatham
Schedule - Expenses - Operating Fund
Year ended March 31, 2010

	2010	2009
Physical and personal needs		
Food and supplies	\$ 169,122	\$ 162,264
Physical and personal	304	1,250
Physician	4,326	4,200
Medical supplies	11,924	10,792
Entertainment	5,610	7,484
Sundry	<u>1,516</u>	<u>11,816</u>
	<u>\$ 192,802</u>	<u>\$ 197,806</u>
Accommodation		
Heat	\$ 24,842	\$ 45,339
Cable TV	30,308	28,286
Water	14,846	14,326
Electricity	65,394	63,518
Telephone	4,749	4,938
Housekeeping	7,929	8,266
Laundry	1,392	4,138
Maintenance and repairs	105,634	101,904
Property taxes	<u>48,815</u>	<u>50,990</u>
	<u>\$ 303,909</u>	<u>\$ 321,705</u>
Administration		
Membership fees and dues	\$ 5,773	\$ 4,404
Travel	2,019	5,968
Office and general	36,915	25,722
Advertising	26,956	13,984
Legal and labour	1,194	5,204
Audit	4,111	6,558
Insurance	<u>15,386</u>	<u>17,840</u>
	<u>\$ 92,354</u>	<u>\$ 79,680</u>