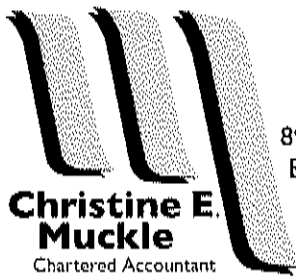


St. Andrew's Residence, Chatham

Financial Statements

Year ended March 31, 2009



8975 Middle Line, R.R. #5
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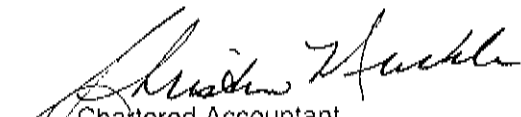
AUDITOR'S REPORT TO THE MINISTRY OF HEALTH AND LONG TERM CARE

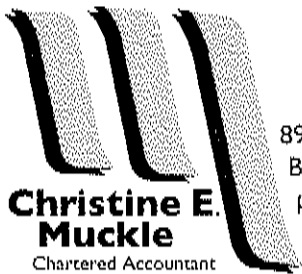
I have audited Section II, Part A, Column F, Section IV, Section VII, Part A and Section VIII of the Annual Reconciliation Report of St. Andrew's Residence, Chatham for the year ended March 31, 2009. This Annual Reconciliation Report is the responsibility of the Corporation's management. My responsibility is to express an opinion on the Annual Reconciliation Report based on my audit.

I 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 account principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, the Section II, Part A, Column F, Section IV, Section VII, Part A and Section VIII of the Annual Reconciliation Report presents fairly the information contained therein for the year ended March 31, 2009 in accordance with the Technical Instructions.

Blenheim, Ontario
May 13, 2009


Chartered Accountant
Licensed Public Accountant



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Blenheim, ON N0P 1A0
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AUDITOR'S REPORT

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

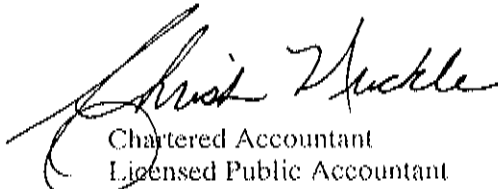
I have audited the balance sheet of St. Andrew's Residence, Chatham as at March 31, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express 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, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Ontario Corporations Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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 13, 2009


Chartered Accountant
Licensed Public Accountant

St. Andrew's Residence, Chatham

Balance Sheet

March 31, 2009

	2009	2008
Assets		
Current Assets		
Cash	\$ 72,868	\$ 400
Terrace replacement reserve	27,819	31,092
Accounts receivable	64,330	19,881
Inventories	24,386	25,414
Prepaid expenses	<u>8,463</u>	<u>9,134</u>
	197,866	85,921
Capital assets (note 2)	<u>5,303,913</u>	<u>5,411,456</u>
	<u>\$ 5,501,779</u>	<u>\$ 5,497,377</u>
Liabilities and Net Assets		
Current liabilities		
Bank indebtedness (note 3)	\$ -	\$ 23,411
Accounts payable and accrued liabilities	86,224	171,468
Deferred income	130,347	116,647
Terrace replacement reserve	27,819	31,092
Current portion of long-term debt	<u>5,000</u>	<u>5,000</u>
	249,390	347,618
Long-term debt (note 4)	58,130	89,730
Deferred capital contributions (note 5)	3,581,393	3,662,874
Net Assets		
Invested in capital assets	1,659,390	1,653,852
Deficit	<u>(46,524)</u>	<u>(256,697)</u>
	<u>1,612,866</u>	<u>1,397,155</u>
	<u>\$ 5,501,779</u>	<u>\$ 5,497,377</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, 2009

	Operating Fund	Capital Fund	St. Andrew's Terrace Fund	Year ended March 31, 2009 Total	January 1, 2007 to March 31, 2008 Total
Revenue					
Residents	\$ 1,709,533	\$ -	\$ -	\$ 1,709,533	\$ 2,254,534
Distribution from St. Andrew's Residence, Chatham Foundation (note 7)	364,930	-	-	364,930	112,500
Seniors Day Out Program	122,352	-	-	122,352	145,699
Meals on Wheels	164,713	-	-	164,713	53,278
Amortization of deferred capital contributions	-	51,630	107,106	158,736	168,015
Donations	16,345	-	-	16,345	8,044
Sundry	146,054	-	-	146,054	148,368
	<u>2,523,927</u>	<u>51,630</u>	<u>107,106</u>	<u>2,682,663</u>	<u>2,890,438</u>
Expenses					
Salaries, wages and benefits	1,321,174	-	-	1,321,174	1,790,300
Bank interest and charges	8,799	-	-	8,799	11,606
Mortgage interest	-	3,701	-	3,701	8,093
Seniors Day Out Program	124,677	-	-	124,677	112,373
Meals on Wheels	164,745	-	-	164,745	48,926
Physical and personal needs (schedule)	197,806	-	-	197,806	236,914
Accommodation (schedule)	321,705	-	-	321,705	391,405
Administration (schedule)	79,680	-	-	79,680	80,281
Amortization	-	137,559	107,106	244,665	266,886
	<u>2,218,586</u>	<u>141,260</u>	<u>107,106</u>	<u>2,466,952</u>	<u>2,946,784</u>
Excess of revenue over expenses (expenses over revenue)	305,341	(89,630)	-	215,711	(56,346)
Net assets (deficit), beginning of year	(255,697)	1,652,852	-	1,397,155	1,453,501
Interfund transfers	(96,168)	96,168	-	-	-
Net assets (deficit), end of year	<u>\$ (46,524)</u>	<u>\$ 1,659,390</u>	<u>\$ -</u>	<u>\$ 1,612,866</u>	<u>\$ 1,397,155</u>

St. Andrew's Residence, Chatham

Statement of Cash Flows

Year ended March 31, 2009

	Year ended March 31, 2009	January 1, 2007 to March 31, 2008
Cash Provided by (used for)		
Operations		
Excess of revenue over expenses (expenses over revenue)	\$ 215,711	\$ (56,346)
Items not involving cash		
Amortization	244,665	266,886
Amortization of deferred capital contributions	<u>(158,736)</u>	<u>(168,015)</u>
	301,640	42,525
Changes in non-cash operating working capital		
Decrease (increase) in accounts receivable	(44,449)	(5,843)
Decrease (increase) in inventories	1,028	(5,426)
Decrease (increase) in prepaid expenses	671	1,534
Increase (decrease) in accounts payable and accrued liabilities	(85,244)	60,681
Increase in deferred income	<u>13,700</u>	<u>116,647</u>
	187,346	210,118
Investments		
Purchase of capital assets	(137,122)	(272,317)
Increase in deferred contribution	<u>77,255</u>	<u>265,804</u>
	<u>(59,867)</u>	<u>(6,513)</u>
Financing		
Repayment of long-term debt	-	(110,848)
Repayment of loan to Foundation	(31,600)	(42,755)
Proceeds of long-term debt	<u>-</u>	<u>100,000</u>
	<u>(31,600)</u>	<u>(53,603)</u>
Increase in cash position	95,879	150,002
Cash position, beginning of year	<u>(23,011)</u>	<u>(173,013)</u>
Cash position, end of year	<u>\$ 72,868</u>	<u>\$ (23,011)</u>
Cash position consists of		
Cash	\$ 72,868	\$ 400
Bank indebtedness	<u>-</u>	<u>(23,411)</u>
	<u>\$ 72,868</u>	<u>\$ (23,011)</u>

See accompanying notes to financial statements

St. Andrew's Residence, Chatham

Notes to Financial Statements

Year ended March 31, 2009

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

The Corporation follows the deferral method of accounting for contributions. 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, 2009

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 \$2,300 (2008-\$1,200).

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>2009 Net Book Value</u>	<u>2008 Net Book Value</u>
Land	\$ 538,051	\$ -	\$ 538,051	\$ 538,051
Buildings				
Residence	3,133,089	2,083,657	1,049,432	1,127,553
Terrace	4,284,231	1,097,418	3,186,813	3,293,919
Parking lot	171,236	49,951	121,285	125,566
Equipment	<u>1,100,995</u>	<u>692,663</u>	<u>408,332</u>	<u>326,367</u>
	<u>\$ 9,227,602</u>	<u>\$ 3,923,689</u>	<u>\$ 5,303,913</u>	<u>\$ 5,411,456</u>

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

3. Bank indebtedness

The bank indebtedness 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.

St. Andrew's Residence, Chatham
Notes to Financial Statements
Year ended March 31, 2009

4. Long-term debt

	<u>2009</u>	<u>2008</u>
5% Loan payable to St. Andrew's Residence Chatham, Foundation, payable a minimum of \$5,000 annually	\$ 63,130	\$ 94,730
Less: current portion	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ 58,130</u>	<u>\$ 89,730</u>
The principal due until maturity is as follows:		
2009		\$ 5,000
2010		5,000
2011		5,000
2012		5,000
2013 and after		<u>43,130</u>
		<u>\$ 63,130</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>2009</u>	<u>2008</u>
Balance, beginning of period	\$ 3,662,874	\$ 3,565,085
Contributions received for capital purposes	77,255	265,804
Amortization of capital contributions	<u>(158,736)</u>	<u>(168,015)</u>
	<u>\$ 3,581,393</u>	<u>\$ 3,662,874</u>

6. Invested in capital assets

	<u>2009</u>	<u>2008</u>
Capital assets	\$ 5,303,913	\$ 5,411,456
Amounts financed by:		
Deferred capital contributions	(3,581,393)	(3,662,874)
Mortgage payable	<u>(63,130)</u>	<u>(94,730)</u>
	<u>\$ 1,659,390</u>	<u>\$ 1,653,852</u>

St. Andrew's Residence, Chatham
Notes to Financial Statements
Year ended March 31, 2009

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, 2009 and 2008 and for the period then ended is as follows:

	<u>2009</u>	<u>2008</u>
Financial Position		
Total assets	\$ 1,217,537	\$ 1,669,460
Total liabilities	<u>23,500</u>	<u>1,000</u>
Total net assets	1,194,037	1,668,460
Results of operations		
Total revenues	180,602	143,378
Total expenses	<u>418,500</u>	<u>484,238</u>
Excess of revenue over expenses (expenses over revenue)	(237,898)	(340,860)
Cash flows provided by (used for)		
Operations	(451,923)	(340,860)
Investments	514,232	106,227

An amount of \$364,930 (2008-\$112,500) has been received from the Foundation and recorded in the operating fund. In addition \$50,000 was received from the Foundation for renovations and is recorded in the capital fund as a deferred contribution. Interest of \$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, 2009

	Year ended March 31, 2009	January 1, 2007 to March 31, 2008
Physical and personal needs		
Food and supplies	\$ 162,264	\$ 191,499
Physical and personal	1,250	1,772
Physician	4,200	5,250
Medical supplies	10,792	15,479
Entertainment	7,484	7,463
Sundry	<u>11,816</u>	<u>15,451</u>
	<u>\$ 197,806</u>	<u>\$ 236,914</u>
Accommodation		
Heat	\$ 45,339	\$ 49,634
Cable TV	28,286	33,734
Water	14,326	17,766
Electricity	63,518	83,331
Telephone	4,938	5,896
Housekeeping	8,266	11,088
Laundry	4,138	3,857
Maintenance and repairs	101,904	128,765
Property taxes	<u>50,990</u>	<u>57,334</u>
	<u>\$ 321,705</u>	<u>\$ 391,405</u>
Administration		
Membership fees and dues	\$ 4,404	\$ 945
Travel	5,968	4,168
Office and general	25,722	36,697
Advertising	13,984	13,438
Legal and labour	5,204	1,622
Audit	6,558	3,967
Insurance	<u>17,840</u>	<u>19,444</u>
	<u>\$ 79,680</u>	<u>\$ 80,281</u>