

**St. Gabriel's Villa of Sudbury**

**Financial Statements**

**Year ended March 31, 2015**



## INDEPENDENT AUDITOR'S REPORT

To: The Members of  
**St. Gabriel's Villa of Sudbury**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of **St. Gabriel's Villa of Sudbury**, which comprise the statement of financial position as at **March 31, 2015**, and the statements of operations, changes in net assets 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*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT, continued**

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Gabriel's Villa of Sudbury as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
June 18, 2015

**St. Gabriel's Villa of Sudbury**  
**Statement of Financial Position**  
**March 31, 2015 with comparative figures for 2014**

	2015	2014
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 327,620	\$ 171,060
Accounts receivable (note 3)	94,250	82,562
Inventory	50,960	48,890
Prepaid expenses	16,643	43,952
Advances to related parties (note 4)	1,244,037	2,431,368
	1,733,510	2,777,832
<b>Tangible capital assets (note 5)</b>	237,893	130,059
<b>Restricted cash (note 6)</b>	14,342	15,978
	\$ 1,985,745	\$ 2,923,869
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	\$ 858,060	\$ 689,866
Deferred revenue (note 8)	51,703	976,531
Advances from related party (note 4)	14,866	190,844
Payable to the Ontario Ministry of Health and Long-Term Care (note 9)	172,067	237,007
	1,096,696	2,094,248
<b>Deferred tangible capital contributions (note 10)</b>	18,240	25,710
<b>Held in trust for residents (note 6)</b>	14,342	15,978
	1,129,278	2,135,936
<b>Net assets</b>		
Unrestricted	106,815	83,584
Investment in Tangible Capital Assets	219,652	104,349
Internally Restricted	530,000	600,000
	856,467	787,933
	\$ 1,985,745	\$ 2,923,869

**Contingent liabilities (note 11)**

Approved on behalf of the board

Members \_\_\_\_\_

Members \_\_\_\_\_

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**St. Gabriel's Villa of Sudbury****Statement of Operations****Year ended March 31, 2015 with comparative figures for 2014**

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	2015	2014
<b>Revenues</b>		
Ontario Ministry of Health and Long-term Care (note 9)	\$ 5,913,298	\$ 5,448,375
Resident fees	2,992,889	2,936,162
Other	28,254	50,749
Amortization of deferred tangible capital contributions	7,470	7,470
	<hr/> 8,941,911	<hr/> 8,442,756
<b>Expenditures</b>		
Nursing - direct & administration	4,342,317	4,349,566
Food services	1,018,212	969,470
Rent	894,000	802,353
Administration	728,800	502,965
Programs	445,874	431,720
Plant maintenance	436,797	429,398
Plant operations and communications	367,624	333,204
Housekeeping	298,498	293,404
Laundry and linen	186,624	184,788
Health records	67,008	66,264
Information systems	65,456	41,930
Amortization	22,167	22,167
	<hr/> 8,873,377	<hr/> 8,427,229
<b>Excess of revenues over expenditures</b>	<hr/> <b>\$ 68,534</b>	<hr/> <b>\$ 15,527</b>

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**St. Gabriel's Villa of Sudbury**  
**Statement of Changes in Net Assets**  
**Year ended March 31, 2015 with comparative figures for 2014**

	2015			
	Total	Unrestricted	Investment in Tangible Capital Assets	Internally Restricted
<b>Balance, beginning of year</b>	\$ 787,933	\$ 83,584	\$ 104,349	\$ 600,000
Excess of revenues over expenditures	68,534	68,534	-	-
Amortization	-	22,167	(22,167)	-
Additions to tangible capital assets	-	-	130,000	(130,000)
Amortization of deferred tangible capital contributions	-	(7,470)	7,470	-
Transfer	-	(60,000)	-	60,000
<b>Balance, end of year</b>	<b>\$ 856,467</b>	<b>\$ 106,815</b>	<b>\$ 219,652</b>	<b>\$ 530,000</b>
	2014			
	Total	Unrestricted	Investment in Tangible Capital Assets	Internally Restricted
<b>Balance, beginning of year</b>	\$ 772,406	\$ 53,359	\$ 119,047	\$ 600,000
Excess of revenues over expenditures	15,527	15,527	-	-
Amortization	-	22,168	(22,168)	-
Amortization of deferred tangible capital contributions	-	(7,470)	7,470	-
<b>Balance, end of year</b>	<b>\$ 787,933</b>	<b>\$ 83,584</b>	<b>\$ 104,349</b>	<b>\$ 600,000</b>

## St. Gabriel's Villa of Sudbury

### Cash Flows Statement

Year ended March 31, 2015 with comparative figures for 2014

	2015	2014
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures	\$ 68,534	\$ 15,527
Adjustments for non-cash items		
Amortization	22,167	22,167
	90,701	37,694
Change in non-cash working capital items		
Accounts receivable	(11,688)	98,212
Inventory	(2,070)	(8,172)
Prepaid expenses	27,309	17,083
Accounts payable and accrued liabilities	168,193	89,247
Deferred revenue	(924,828)	5,347
	(652,383)	239,411
<b>Cash flows from investing activity</b>		
Purchase of tangible capital assets	(130,000)	-
<b>Cash flows from financing activities</b>		
Advances from St. Joseph's Foundation of Sudbury	-	155
Payable to the Ontario Ministry of Health and Long-term Care	(64,940)	155,855
Advances from (to) related parties	1,011,353	(306,838)
Deferred tangible capital contributions	(7,470)	(7,470)
	938,943	(158,298)
<b>Increase in cash</b>	156,560	81,113
<b>Cash, beginning of year</b>	171,060	89,947
<b>Cash, end of year</b>	\$ 327,620	\$ 171,060

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# St. Gabriel's Villa of Sudbury

## Notes to the Financial Statements

Year ended March 31, 2015

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### 1. Nature of operations

St. Gabriel's Villa of Sudbury (the "VSGV") was incorporated, without share capital, under the laws of the province of Ontario on January 22, 2010 and began operations in March 2011. It operates a long-term care facility in the City of Greater Sudbury, Ontario. The facility is a not-for-profit organization and is exempt from tax under the Income Tax Act (Canada) and is sponsored by the Catholic Health Sponsors of Ontario.

The St. Joseph's Health Centre of Sudbury (the "Health Centre") owns the operating licence and the facilities in which the VSGV operates. The VSGV is responsible for the management of the facilities on behalf of the Health Centre.

### 2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### (a) Inventory

Inventory is valued at cost. Cost is determined using the purchased cost basis.

#### (b) Tangible capital assets

Tangible capital assets are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Equipment	5, 10 & 15 years
Handi-bus	10 years
Computer equipment	5 years
Leasehold improvements	10 years
Furniture	20 years

Additions are amortized at one-half the annual rate in the year of acquisition.

Assets under construction are not amortized until construction is complete.

#### (c) Deferred tangible capital contributions

Government assistance for tangible capital assets are recorded as an addition to deferred tangible capital contributions.

Deferred tangible capital contributions are amortized on the same basis as the tangible capital assets to which they relate.

#### (d) Internally restricted net assets

Restricted net assets represent amounts internally restricted for unforeseen expenses.



**2. Significant accounting policies, continued**

**(e) Financial instruments**

**(i) Measurement of financial instruments**

The VSGV initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The VSGV subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable and restricted cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, payable to the Ontario Ministry of Health and Long-Term Care and held in trust for residents.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

**St. Gabriel's Villa of Sudbury**  
**Notes to the Financial Statements**  
**Year ended March 31, 2015**

**2. Significant accounting policies, continued**

**(f) Revenue recognition**

The VSGV follows the deferral method of accounting for contributions.

The VSGV is funded primarily by the Province of Ontario in accordance with budget arrangements established by the Ontario Ministry of Health and Long-Term Care. These contributions are recorded as revenue in the period to which they relate. Contributions approved but not received at the end of the year are accrued.

Unrestricted contributions are recognized as revenue when received or receivable.

The revenue earned from residents is recognized as services are rendered.

**(g) Contributed services**

A substantial number of volunteers contribute a significant amount of their time to the VSGV during the year. Because of the difficulty of determining the fair value, contributed services are not recognized in these financial statements.

**(h) Use of estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from those estimates. The amounts affected by significant estimates are amounts payable to the Ontario Ministry of Health and Long-Term Care and the retro-pay wage accrual.

**3. Accounts receivable**

	2015	2014
Canada Revenue Agency (HST)	\$ 47,596	\$ 37,955
Residents	35,891	34,262
Other	6,588	6,325
Ontario Ministry of Health and Long-Term Care	4,175	4,020
	<b>\$ 94,250</b>	<b>\$ 82,562</b>

**St. Gabriel's Villa of Sudbury**  
**Notes to the Financial Statements**  
**Year ended March 31, 2015**

**4. Related party transactions**

(a) The VSGV is related to the St. Joseph's Health Centre of Sudbury, St. Joseph's Villa of Sudbury and St. Joseph's Continuing Care Centre by virtue of common board members.

(b) Advances to related parties

	2015	2014
St. Joseph's Health Centre of Sudbury	\$ 1,241,664	\$ 2,431,368
St. Joseph's Continuing Care Centre	2,373	-
	<b>\$ 1,244,037</b>	<b>\$ 2,431,368</b>

An agreement exists between the Health Centre and the VSGV that states that the VSGV will pay rent in the amount equal to the mortgage payments (principal and interest) and property taxes paid by the Health Centre for the facilities in which the VSGV operates. The rent for the year was \$894,000 (2014 - \$802,353).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(c) Advances from related parties

	2015	2014
St. Joseph's Villa of Sudbury	\$ 14,866	\$ 43,176
St. Joseph's Continuing Care Centre	-	147,668
	<b>\$ 14,866</b>	<b>\$ 190,844</b>

(d) The advances to/from related parties are unsecured, non-interest bearing with no specific terms of repayment.

**St. Gabriel's Villa of Sudbury**  
**Notes to the Financial Statements**  
**Year ended March 31, 2015**

**5. Tangible capital assets**

			2015			2014
	Cost	Accumulated amortization	Net	Net		
Equipment	\$ 123,350	\$ 50,873	\$ 72,477	\$		87,589
Handi-bus	38,641	13,525	25,116			28,980
Computer equipment	12,433	8,703	3,730			6,217
Leasehold improvements	5,041	1,764	3,277			3,781
Furniture	3,991	698	3,293			3,492
Assets under construction	130,000	-	130,000			-
	\$ 313,456	\$ 75,563	\$ 237,893	\$		130,059

**6. Restricted cash**

The restricted cash represents funds held in trust for residents for small purchases made by them throughout the year.

**7. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are government remittances owing of \$119,304 (2014 - \$80,108).

**8. Deferred revenue**

			2015			2014
Ministry of Health and Long-Term Care			\$ 50,000	\$		968,405
Residents			1,703			8,126
			\$ 51,703	\$		976,531

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**St. Gabriel's Villa of Sudbury****Notes to the Financial Statements****Year ended March 31, 2015**

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**9. Payable to the Ontario Ministry of Health and Long-Term Care**

The amounts payable to the Ontario Ministry of Health and Long-Term Care (the Ministry) are as follows:

	2015	2014
Resident Co-Payment Reduction	\$ 156,437	\$ 208,077
Peritoneal Dialysis Funding	9,400	22,700
RPN Initiative Funding	6,230	6,230
	<u>\$ 172,067</u>	<u>\$ 237,007</u>

The Resident Co-Payment Reduction represents the amount payable (receivable) to (from) the Ministry for the excess (deficiency) of resident fees over the amount estimated by the Ministry based on the Northern Regional Average per diem.

The Peritoneal Dialysis Funding were grants to provide peritoneal dialysis services, since no dialysis patients were treated, amounts remain payable back to the Ministry.

The RPN Initiative Funding represents monies received by the VSGV to create a new and permanent RPN position. The portion of monies not spent for this new position are still considered payable back to the Ministry.

Funding from the Ministry is paid to the Health Centre under their licensing agreement. The Health Centre transfers these funds, less the amount required to pay for the debt on the facilities in which the VSGV operates, to the VSGV.

**10. Deferred tangible capital contributions**

Deferred contributions related to tangible capital assets represent restricted contributions used for the construction of VSGV. The changes in the year are as follows:

	2015	2014
Balance, beginning of year	\$ 25,710	\$ 33,180
Less: amounts recognized as revenue in the year	(7,470)	(7,470)
	<u>\$ 18,240</u>	<u>\$ 25,710</u>

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**St. Gabriel's Villa of Sudbury**  
**Notes to the Financial Statements**  
**Year ended March 31, 2015**

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**11. Contingent liabilities**

The Health Centre has entered into accountable contribution agreements with the Ministry (see note 9). The programs are subject to audit by the Ministry and should these audits result in recoveries of contributions, the amount of these recoveries would be charged to the VSGV and be recorded in the period in which they are determined.

The organization will be required to submit a Long-Term Care Facility Annual Report to the Ontario Ministry of Health and Long-Term Care. Annual reconciliations are completed on a calendar basis. Accordingly, at March 31, 2015 management has estimated an amount payable to the Ministry (see note 9).

**12. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The organization is exposed to the following risks in respect of certain of the financial instruments held:

**(a) Credit risk**

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The VSGV is exposed to this risk relating to its cash and accounts receivable. The exposure to credit risk is outlined below.

The VSGV minimizes risk associated with cash by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The VSGV is exposed to credit risk in accounts receivable of \$94,250 (2014 - \$82,562). The VSGV measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts.

Refer to note 2(e) regarding the organization's policies for assessing impairment of financial assets measured at other than fair value which includes advances to related parties.

**(b) Liquidity risk**

Liquidity risk is the risk that an organization cannot repay its obligations when they become due to its creditor. The VSGV is exposed to this risk in the accounts payable and accrued liabilities and payable to the Ontario Ministry of Health and Long-Term Care of \$1,030,127 (2014 - \$926,873). Liquidity risk is the risk that the VSGV cannot repay its obligations when they become due to its creditors. The VSGV reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due.

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**St. Gabriel's Villa of Sudbury****Notes to the Financial Statements****Year ended March 31, 2015**

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13. **Operating expenses listed by type**

	2015	2014
Wages and employee benefits	\$ 6,496,972	\$ 6,297,530
Rent expense	894,000	802,353
Food	416,245	372,067
Supplies	306,789	287,273
Utilities	283,106	273,074
Purchased services	144,305	93,526
Professional fees	65,951	35,470
Insurance	60,429	40,362
Office and general	49,659	56,161
Licences, fees and dues	43,591	33,101
Amortization	22,167	22,167
Repairs and maintenance	19,042	8,994
Equipment costs	18,457	67,172
Advertising and promotion	17,166	11,471
Telephone	15,459	15,963
Training and development	9,648	2,490
Bank and interest charges	6,207	678
Consulting fees	3,569	5,520
Travel	615	607
Union expense	-	1,250
	<b>\$ 8,873,377</b>	<b>\$ 8,427,229</b>

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