

St. Gabriel's Villa of Sudbury

Financial Statements

Year ended March 31, 2014

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, 2014**, 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, 2014, 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.

A handwritten signature in black ink that reads "Freelandt Caldwell Reilly LLP". The signature is written in a cursive, flowing style.**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 18, 2014

St. Gabriel's Villa of Sudbury
Statement of Financial Position
March 31, 2014 with comparative figures for 2013

	2014	2013
Assets		
Current		
Cash	\$ 171,060	\$ 89,947
Accounts receivable (note 3)	82,562	180,774
Inventory	48,890	40,718
Prepaid expenses	43,952	61,035
Advances to related party (note 4)	2,431,368	2,086,187
Advances to St. Joseph's Foundation of Sudbury (note 5)	-	155
	2,777,832	2,458,816
Tangible capital assets (note 6)	130,059	152,227
Restricted cash (note 7)	15,978	16,492
	\$ 2,923,869	\$ 2,627,535
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 689,866	\$ 600,620
Deferred revenue (note 9)	976,531	971,184
Advances from related parties (note 4)	190,844	152,501
Payable to the Ontario Ministry of Health and Long-Term Care (note 10)	237,007	81,152
	2,094,248	1,805,457
Deferred tangible capital contributions	25,710	33,180
Held in trust for residents (note 7)	15,978	16,492
	2,135,936	1,855,129
Net assets		
Unrestricted	83,584	53,359
Investment in Tangible Capital Assets	104,349	119,047
Internally Restricted	600,000	600,000
	787,933	772,406
	\$ 2,923,869	\$ 2,627,535

Contingent liabilities (note 11)

Approved on behalf of the board

Members _____

Members _____

St. Gabriel's Villa of Sudbury**Statement of Operations****Year ended March 31, 2014 with comparative figures for 2013**

	2014	2013
Revenues		
Ontario Ministry of Health and Long-term Care (note 10)	\$ 5,448,375	\$ 5,435,599
Resident fees	2,936,162	2,800,789
Other	50,749	44,320
Amortization of deferred tangible capital contributions	7,470	6,460
	<hr/> 8,442,756	<hr/> 8,287,168
Expenditures		
Nursing - direct & administration	4,349,566	4,355,069
Food services	969,470	904,250
Rent	802,353	392,380
Administration	502,965	508,038
Programs	431,720	436,481
Plant maintenance	429,398	431,830
Plant operations and communications	333,204	325,369
Housekeeping	293,404	279,186
Laundry and linen	184,788	195,446
Health records	66,264	65,892
Information systems	41,930	44,801
Amortization	22,167	21,157
	<hr/> 8,427,229	<hr/> 7,959,899
Excess of revenues over expenditures	<hr/> \$ 15,527	<hr/> \$ 327,269

St. Gabriel's Villa of Sudbury
Statement of Changes in Net Assets
Year ended March 31, 2014 with comparative figures for 2013

	2014			
	Total	Unrestricted	Investment in Tangible Capital Assets	Internally Restricted
Balance, beginning of year	\$ 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	-
Balance, end of year	\$ 787,933	\$ 83,584	\$ 104,349	\$ 600,000
	2013			
	Total	Unrestricted	Investment in Tangible Capital Assets	Internally Restricted
Balance, beginning of year	\$ 445,137	\$ 11,393	\$ 133,744	\$ 300,000
Excess of revenues over expenditures	327,269	327,269	-	-
Amortization	-	21,157	(21,157)	-
Additions to tangible capital assets	-	(10,102)	10,102	-
Contributions	-	10,102	(10,102)	-
Amortization of deferred tangible capital contributions	-	(6,460)	6,460	-
Transfers	-	(300,000)	-	300,000
Balance, end of year	\$ 772,406	\$ 53,359	\$ 119,047	\$ 600,000

St. Gabriel's Villa of Sudbury**Cash Flows Statement****Year ended March 31, 2014 with comparative figures for 2013**

	2014	2013
Cash flows from operating activities		
Excess of revenues over expenditures	\$ 15,527	\$ 327,269
Adjustments for non-cash items		
Amortization	22,167	21,157
	37,694	348,426
Change in non-cash working capital items		
Accounts receivable	98,212	4,553
Inventory	(8,172)	1,477
Prepaid expenses	17,083	(7,568)
Accounts payable and accrued liabilities	89,247	(78,086)
Deferred revenue	5,347	468,580
Payable to the Ontario Ministry of Health and Long-term Care	155,855	15,898
	395,266	753,280
Cash flows from investing activity		
Purchase of tangible capital assets	-	(10,102)
Cash flows from financing activities		
Advances from St. Joseph's Foundation of Sudbury	155	765
Advances to related parties	(306,838)	(1,110,623)
Deferred tangible capital contributions	(7,470)	3,642
	(314,153)	(1,106,216)
Increase (decrease) in cash	81,113	(363,038)
Cash, beginning of year	89,947	452,985
Cash, end of year	\$ 171,060	\$ 89,947

St. Gabriel's Villa of Sudbury

Notes to the Financial Statements

Year ended March 31, 2014

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 Corporation 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
Leaseholds Improvements	10 years
Furniture	20 years

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

(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.

St. Gabriel's Villa of Sudbury
Notes to the Financial Statements
Year ended March 31, 2014

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 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, 2014

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.

3. Accounts receivable

	2014	2013
Canada Revenue Agency (HST)	\$ 37,955	\$ 40,173
Residents	34,262	57,462
Other	6,325	31,899
Ontario Ministry of Health and Long-Term Care	4,020	51,240
	\$ 82,562	\$ 180,774

St. Gabriel's Villa of Sudbury

Notes to the Financial Statements

Year ended March 31, 2014

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 party

	2014	2013
St. Joseph's Health Centre of Sudbury	\$ 2,431,368	\$ 2,086,187

(c) Advances from related parties

	2014	2013
St. Joseph's Continuing Care Centre	\$ 147,668	\$ 127,326
St. Joseph's Villa of Sudbury	43,176	25,175
	\$ 190,844	\$ 152,501

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

5. Advances to St. Joseph's Foundation of Sudbury

St. Joseph's Foundation of Sudbury is a not-for-profit organization that supports the work of the Sisters of St. Joseph of Sault Ste-Marie in the district of Sudbury. The St. Joseph's Foundation of Sudbury periodically will donate to VSGV capital assets or funds for the specific purpose of purchasing capital assets.

These advances are unsecured, non-interest bearing with no specific terms of repayment.

6. Tangible capital assets

	2014		2013	
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 123,350	\$ 35,761	\$ 87,589	\$ 102,702
Handi-bus	38,641	9,661	28,980	32,845
Computer equipment	12,433	6,216	6,217	8,703
Leaseholds Improvements	5,041	1,260	3,781	4,285
Furniture	3,991	499	3,492	3,692
	\$ 183,456	\$ 53,397	\$ 130,059	\$ 152,227

St. Gabriel's Villa of Sudbury**Notes to the Financial Statements****Year ended March 31, 2014**

7. Restricted cash

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

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances owing of \$80,108 (2013 - \$119,900).

9. Deferred revenue

	2014	2013
Ministry of Health and Long-Term Care	\$ 968,405	\$ 968,405
Residents	8,126	2,779
	<u>\$ 976,531</u>	<u>\$ 971,184</u>

10. 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:

	2014	2013
Resident Co-Payment Reduction	\$ 208,077	\$ 71,752
Peritoneal Dialysis Funding	22,700	-
RPN Initiative Funding	6,230	9,400
	<u>\$ 237,007</u>	<u>\$ 81,152</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 SJV 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.

St. Gabriel's Villa of Sudbury

Notes to the Financial Statements

Year ended March 31, 2014

11. Contingent liabilities

The Health Centre has entered into accountable contribution agreements with the Ministry (see note 10). 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, 2014 management has estimated an amount payable to the Ministry (see note 10).

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 holds its cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The VSGV is exposed to credit risk in accounts receivable of \$82,562 (2013 - \$180,774). 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 \$926,873 (2013 - \$681,772). 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.

St. Gabriel's Villa of Sudbury
Notes to the Financial Statements
Year ended March 31, 2014

13. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

St. Gabriel's Villa of Sudbury**Notes to the Financial Statements****Year ended March 31, 2014**

14. Operating expenses listed by type

	2014	2013
Wages and employee benefits	\$ 6,297,530	\$ 6,284,121
Rent expense	802,353	392,380
Food	372,067	338,182
Supplies	287,273	265,972
Utilities	273,074	266,499
Purchased services	93,526	66,197
Equipment costs	67,172	33,486
Office and general	56,161	49,658
Insurance	40,362	37,867
Professional fees	35,470	30,912
Licences, fees and dues	33,101	22,116
Amortization	22,167	21,157
Telephone	15,963	15,763
Advertising and promotion	11,471	19,659
Repairs and maintenance	8,994	27,022
Consulting fees	5,520	55,787
Training and development	2,490	27,561
Union expense	1,250	2,500
Bank and interest charges	678	2,260
Travel	607	800
	\$ 8,427,229	\$ 7,959,899
