

SENIORS VILLA OF EAST FERRIS INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

SENIORS VILLA OF EAST FERRIS INC.

MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Seniors Villa of East Ferris Inc.
East Ferris, Ontario

Opinion

We have audited the accompanying financial statements of **Seniors Villa of East Ferris Inc.**, which comprise the statement of financial position as at **March 31, 2024**, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Seniors Villa of East Ferris Inc. as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions established by District of Nipissing Social Services Administration Board (DNSSAB) as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist Seniors Villa of East Ferris Inc., to comply with the financial reporting requirements of DNSSAB. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter. Our report is intended solely for the Directors of Seniors Villa of East Ferris Inc. and DNSSAB.

Responsibilities of Management and Those Charged with Governance of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions established by DNSSAB as described in Note 1, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 cooperative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

North Bay, Ontario
July 29, 2024

*Kendall, Sinclair, Cowper,
Doyle & Hudson Inc.*
Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

(With comparative figures as at March 31, 2023)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current		
Cash - unrestricted	\$ 154,276	\$ 172,265
- replacement reserve (Note 2)	82,741	78,167
Accounts receivable	20,709	6,043
	<u>257,726</u>	<u>256,475</u>
Capital assets (Note 3)	<u>3,497,459</u>	<u>3,667,995</u>
	<u>\$ 3,755,185</u>	<u>\$ 3,924,470</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 32,387	\$ 39,107
Rental deposits (Note 4)	23,522	21,986
Current portion of long term debt	71,300	68,700
	<u>127,209</u>	<u>129,793</u>
Long term debt (Note 5)	2,187,946	2,258,891
Deferred capital contributions (Note 6)	<u>1,085,568</u>	<u>1,187,760</u>
	<u>3,400,723</u>	<u>3,576,444</u>
<u>NET ASSETS</u>		
Unrestricted	119,076	117,215
Internally restricted - capital assets	152,645	152,644
- replacement reserve (Note 2)	82,741	78,167
	<u>354,462</u>	<u>348,026</u>
	<u>\$ 3,755,185</u>	<u>\$ 3,924,470</u>
On behalf of the Board:		
_____ Director		
_____ Director		

(See accompanying notes to financial statements)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2024

(With comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
<u>UNRESTRICTED</u>		
Balance beginning of year	\$ 117,215	\$ 107,448
Excess of revenue over expenses	6,436	33,434
Transfers from(to) internally restricted - capital assets:		
- amortization of capital assets	170,536	168,885
- long term debt repayments	(68,345)	(79,893)
- amortization of deferred capital contributions	(102,192)	(102,192)
Transfers from(to) internally restricted - replacement reserve		
- interest income	(3,951)	(2,793)
- allocation for the year	(7,974)	(7,800)
- expenditures	7,351	126
Balance end of year	<u>\$ 119,076</u>	<u>\$ 117,215</u>
<u>INTERNALLY RESTRICTED - CAPITAL ASSETS</u>		
Balance beginning of year	\$ 152,644	\$ 139,444
Transfers from(to) unrestricted:		
- amortization of capital assets	(170,536)	(168,885)
- long term debt repayments	68,345	79,893
- amortization of deferred capital contributions	102,192	102,192
Balance end of year	<u>\$ 152,645</u>	<u>\$ 152,644</u>
<u>INTERNALLY RESTRICTED - REPLACEMENT RESERVE</u>		
Balance beginning of year	\$ 78,167	\$ 67,700
Transfers from(to) unrestricted:		
- interest income	3,951	2,793
- allocation for the year	7,974	7,800
- expenditures	(7,351)	(126)
Balance end of year	<u>\$ 82,741</u>	<u>\$ 78,167</u>

(See accompanying notes to financial statements)

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2024

(With comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
Revenues		
Rental	\$ 279,454	\$ 271,860
DNSSAB - interest forgiveness (Note 6)	84,338	91,662
- operating subsidy	19,805	19,805
Property tax rebate	39,801	21,516
Propane recovery	21,999	23,895
Interest	7,171	4,477
Wage subsidy		10,396
Other		7,024
Amortization of deferred capital contribution (Note 6)	102,192	102,192
	<u>554,760</u>	<u>552,827</u>
Expenses		
Mortgage interest	165,447	173,740
Repairs and maintenance	94,614	52,190
Municipal tax	36,540	34,575
Propane	21,999	23,895
Management fees	17,241	14,081
Professional fees	16,637	18,838
Insurance	16,376	15,449
Utilities	6,539	5,813
Memberships and licences	1,172	
Office	787	187
Bank charges and interest	436	954
Wages and benefits		10,786
Amortization	170,536	168,885
	<u>548,324</u>	<u>519,393</u>
Excess of revenue over expenses for the year	<u>\$ 6,436</u>	<u>\$ 33,434</u>

(See accompanying notes to financial statements)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

(With comparative figures for 2023)

	<u>2024</u>	<u>2023</u>
Cash was provided by (used for):		
Operating activities		
Excess of revenue over expenses for the year	\$ 6,436	\$ 33,434
Items not involving cash:		
Amortization of deferred capital contribution	(102,192)	(102,192)
Amortization expense	170,536	168,885
	<u>74,780</u>	<u>100,127</u>
Changes in non-cash working capital		
(Increase) decrease in:		
Accounts receivable	(14,666)	1,696
Increase (decrease) in:		
Accounts payable and accrued liabilities	(6,720)	15,214
Rental deposits	1,536	(1,342)
	<u>54,930</u>	<u>115,695</u>
Financing activities		
Long term debt repayments	<u>(68,345)</u>	<u>(79,893)</u>
Increase (decrease) in cash	(13,415)	35,802
Cash beginning of year	<u>250,432</u>	<u>214,630</u>
Cash end of year	<u><u>\$ 237,017</u></u>	<u><u>\$ 250,432</u></u>
Cash consists of:		
Cash - unrestricted	\$ 154,276	\$ 172,265
- replacement reserve	82,741	78,167
	<u><u>\$ 237,017</u></u>	<u><u>\$ 250,432</u></u>

(See accompanying notes to financial statements)

SENIORS VILLA OF EAST FERRIS INC.**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2024****Nature Of Operations**

Seniors Villa of East Ferris Inc. was incorporated without share capital on January 3, 2008 under the laws of the Province of Ontario for the purpose of erecting, operating and managing not-for-profit basis apartments for senior citizens.

DNSSAB, on behalf of the Provincial government, provided subsidies to construct the buildings in order to provide affordable housing to senior citizens.

1. Significant Accounting Policies**Basis Of Accounting**

These financial statements have been prepared by the organization in accordance with accounting principles set out below to comply with DNSSAB and are considered appropriate for Ontario housing projects. The basis of accounting used in these financial statements may materially differ from Canadian accounting standards for not-for-profit organizations as follows:

i) Capital Assets

- a) Purchased from unrestricted net assets are charged to operations in the year the expenditure is incurred;
- b) Purchased from the replacement reserve are charged to operations and against the replacement reserve account, rather than being capitalized on the statement of financial position and amortized over their estimated useful lives; and
- c) Financed through long term loans and forgivable loans are recorded at cost on the statement of financial position and amortized as detailed below.

ii) Amortization

Buildings are recorded at cost and amortized at an amount equal to the mortgage principal repayment and annual recognition of loan forgiveness as per Note 6.

SENIORS VILLA OF EAST FERRIS INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

1. **Significant Accounting Policies (continued)**

The organization's significant accounting policies are as follows:

a) Revenue Recognition

The organization follows the deferral method of accounting for contributions.

The organization accounts for revenue received from DNSSAB to fund capital asset purchases as deferred capital contribution. The capital funding is amortized and included in revenue over the affordability period as per Note 6.

Rent revenue is recognized as earned each month.

Subsidy revenue is recognized in the fiscal year to which it relates.

b) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All cash equivalents have been designated to be in the fair value category, with gains and losses reported in revenues. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

c) Use Of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of allowances for doubtful accounts receivable. Actual results could differ from those estimates.

2. **Replacement Reserve**

	<u>2024</u>	<u>2023</u>
Term deposits	\$ 65,000	\$ 65,000
Savings	11,166	2,561
Accrued interest	6,575	2,806
Due from unrestricted cash		<u>7,800</u>
	<u>\$ 82,741</u>	<u>\$ 78,167</u>

Under the terms of the internal board policy, the replacement reserve account is to be credited in the amount of 4% of gross rental income for Phase 1 units annually. These funds, along with the accumulated interest and related charges, are held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation. During the year the organization contributed \$7,974 (2023 - \$7,800) to the replacement reserve.

Management has full discretion over spending within the replacement reserve.

SENIORS VILLA OF EAST FERRIS INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

3. Capital Assets

	2024			2023
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Land	\$ 142,195		\$ 142,195	\$ 142,195
Buildings	<u>4,846,508</u>	<u>\$ 1,491,244</u>	<u>3,355,264</u>	<u>3,525,800</u>
	<u>\$ 4,988,703</u>	<u>\$ 1,491,244</u>	<u>\$ 3,497,459</u>	<u>\$ 3,667,995</u>

4. Rental Deposits

The organization holds a rent deposit for each of their 28 units. The total rent deposits held at year end is \$23,522 (2023 – \$21,986).

5. Long Term Debt

	<u>2024</u>	<u>2023</u>
2.46% mortgage payable, secured by specific land and buildings (net book value \$2,022,369), repayable in blended monthly payments of \$5,561, due September, 2025	\$ 1,294,340	\$ 1,328,930
3.246% mortgage payable, secured by specific land and buildings (net book value \$2,022,369), repayable in blended monthly payments of \$1,650, due July, 2025	251,225	262,729
5.62% mortgage payable, secured by specific land and buildings (net book value \$1,475,089), repayable in blended monthly payments of \$5,252, due May, 2027	<u>713,681</u>	<u>735,932</u>
	<u>2,259,246</u>	<u>2,327,591</u>
Less: current portion	<u>71,300</u>	<u>68,700</u>
	<u>\$ 2,187,946</u>	<u>\$ 2,258,891</u>

The scheduled principal repayments on the long term debt for the next four years are as follows:

2025	\$ 71,300
2026	1,523,600
2027	26,800
2028	<u>637,546</u>
	<u>\$ 2,259,246</u>

SENIORS VILLA OF EAST FERRIS INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

6. Deferred Capital Contributions

Deferred capital contributions represent the unamortized capital contributions used to purchase capital assets.

The amortization of capital contributions is recorded as revenue in the statement of operations.

	<u>2024</u>	<u>2023</u>
Balance beginning of year	\$ 1,187,760	\$ 1,289,952
Less: amounts amortized to revenue	<u>(102,192)</u>	<u>(102,192)</u>
Balance end of year	<u>\$ 1,085,568</u>	<u>\$ 1,187,760</u>

During 2018 and 2019, the organization received a forgivable loan from DNSSAB totalling \$1,181,040 to fund the Edmond Street building expansion. The loan will be forgiven at the end of 20 years (the affordability period) following the initial occupancy of the expansion. Accrued interest at 8% compounded semi-annually will be forgiven on an annual basis. During the current year, interest in the amount of \$66,138 (2023 - \$70,862) has been forgiven and has been recorded in revenue as DNSSAB-interest forgiveness and a corresponding expense of \$66,138 (2023 - \$70,862) has been included in mortgage interest. The funding has been accounted for as a deferred capital contribution and is being amortized on a straight-line basis over the affordability period commencing during the March 31, 2019 fiscal year.

During 2009 and 2010, the organization received forgivable loans from DNSSAB totalling \$1,040,000 to fund the original construction of the Catherine Drive and Hwy 94 buildings. The loan will be forgiven on a yearly basis over a 20 year period (the affordability period) following the initial occupancy of the building. Accrued interest at 5% per year will be forgiven on an annual basis. Of the total amount received \$862,800 related to the building is being amortized on an annual basis over the 20 year period of the agreement. During the current year, interest in the amount of \$18,200 (2023 - \$20,800) has been forgiven and has been recorded in revenue as DNSSAB-interest forgiveness and a corresponding expense of \$18,200 (2023 - \$20,800) has been included in mortgage interest. The funding had been accounted for as a deferred capital contribution and is being amortized on a straight-line basis the affordability period commencing during the March 31, 2011 fiscal year.

SENIORS VILLA OF EAST FERRIS INC.**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 2024****7. Financial Risks And Concentrations Of Risk**

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure as at March 31, 2024.

a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its long term debt and accounts payable/and accrued liabilities.

b) Credit Risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its deposits.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on long term debt.

There has been no change to risk exposures from 2023.