

**LaVerendrye Non-Profit Supportive
Housing Corporation**
Financial Statements
For the year ended March 31, 2011

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Independent Auditor's Report

To the Board of Directors of LaVerendrye Non-Profit Supportive Housing Corporation

We have audited the accompanying financial statements of LaVerendrye Non-Profit Supportive Housing which comprise the statement of financial position as at March 31, 2011, and the statement of operations and net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial accounting and reporting directives issued by the Ontario Ministry of Health and Long-Term Care.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the requirements of the financial accounting and reporting directives issued by the Ontario Ministry of Health and Long-Term Care 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 entity's preparation 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 entity'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 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.



Opinion

In our opinion, the financial statements of LaVerendrye Non-Profit Supportive Housing for the year ended March 31, 2011, are prepared, in all material respects, in accordance with the requirements of the financial accounting and reporting directives issued by the Ontario Ministry of Health and Long-Term Care.

Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to the summary of significant accounting policies section of the financial statements which describes the basis of accounting. The financial statements are prepared to assist LaVerendrye Non-Profit Supportive Housing to meet the reporting requirements of the Ontario Ministry of Health and Long-Term Care. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for LaVerendrye Non-Profit Supportive Housing and the Ontario Ministry of Health and Long-Term Care and should not be used by parties other than the Directors of LaVerendrye Non-Profit Supportive Housing and the Ontario Ministry of Health and Long-Term Care.

BDO CANADA LLP

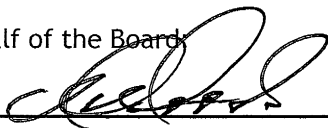
Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario
August 30, 2011

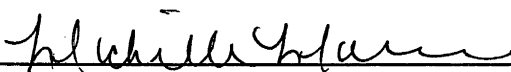
LaVerendrye Non-Profit Supportive Housing Corporation Statement of Financial Position

March 31	2011	2010
Assets		
Current		
Cash	\$ 514,977	\$ 711,605
Accounts receivable - Ministry of Health and Long-Term Care	2,312	139
- other (Note 1)	275,514	7,713
Prepaid expenses	20,447	9,800
	813,250	729,257
Reserve funds		
Cash	199,605	209,349
Property, plant and equipment (Note 2)		
	2,238,126	2,341,342
Construction in progress		
	286,082	-
	\$ 3,537,063	\$ 3,279,948
Liabilities and Fund Balance		
Current		
Accounts payable - Ministry of Health and Long-Term Care	\$ 6,485	\$ 42,389
- other	178,497	131,521
Deferred revenue	286,082	-
	471,064	173,910
Long-term debt (Note 3)		
	2,238,126	2,341,342
Reserve funds (Note 4)		
	199,605	209,349
Net assets		
Unrestricted	523,268	450,347
Internally restricted	105,000	105,000
	628,268	555,347
	\$ 3,537,063	\$ 3,279,948

On behalf of the Board



Director



Director

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

LaVerendrye Non-Profit Supportive Housing Corporation
Statement of Operations and Net Assets

For the year ended March 31	Budget 2011	Actual 2011	Actual 2010
Revenue			
Ministry of Health and Long-Term Care	\$ 351,360	\$ 359,581	\$ 351,474
Rental			
Market tenants	15,288	15,132	16,281
RGI tenants	85,716	83,806	79,567
Total revenue	452,364	458,519	447,322
Expenditure			
Administration overhead (Schedule 1)	47,775	72,947	70,757
Amortization of capital costs	112,277	103,216	108,766
Insurance	11,550	9,803	9,791
Interest on long-term debt	91,359	100,419	97,284
Materials and services (Schedule 2)	42,600	47,568	37,284
Municipal taxes	37,440	37,265	36,317
Utilities (Schedule 3)	71,560	64,268	62,942
Capital reserve	18,802	18,802	18,802
Wages and benefits	8,200	4,261	5,379
Total expenditure	441,563	458,549	447,322
Net shelter income (deficit) for the year	10,801	(30)	-
Other			
Non-allocated income	-	28,392	18,272
Excess of revenue over expenditure for the year	10,801	28,362	18,272
Net assets, beginning of year	-	555,347	537,075
Prior period adjustment	-	44,559	-
Net assets, end of year	\$ 10,801	\$ 628,268	\$ 555,347

LaVerendrye Non-Profit Supportive Housing Corporation Statement of Cash Flows

For the year ended March 31	2011	2010
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditure for the year	\$ 28,362	\$ 18,272
Items not involving cash		
Amortization of property, plant and equipment	103,216	108,766
Net asset adjustment	44,559	-
Changes in operational balances		
Accounts receivable	(269,974)	10,527
Prepaid expenses	(10,647)	8,296
Accounts payable	11,072	24,081
Deferred revenue	286,082	-
Net operating activities	192,670	169,942
Investing activities		
Acquisition of construction in progress	(286,082)	-
Financing activities		
Net mortgage repayment	(103,216)	(108,766)
Increase (decrease) in cash	(196,628)	61,176
Cash, beginning of year	711,605	650,429
Cash, end of year	\$ 514,977	\$ 711,605

Supplementary cash flow information (Note 6)

LaVerendrye Non-Profit Supportive Housing Corporation Summary of Significant Accounting Policies

March 31, 2011

Nature of Business

The Corporation is incorporated under the laws of Ontario and is engaged in providing non-profit supportive housing in the Town of Fort Frances. The Corporation is a non-profit organization under the income tax act and accordingly is exempt from income tax.

Basis of Accounting and Presentation

These financial statements have been prepared in accordance with the significant accounting policies below to comply with the financial and reporting requirements of the Ministry of Health and Long-Term Care of the Province of Ontario. The basis of accounting used in these financial statements is materially different from Canadian generally accepted accounting principals in the following respects:

- a) The accounting treatment of property, plant and equipment.
- b) Contributions to reserve funds and the recognition of income earned on reserve funds.
- c) Prior period adjustments for additional funding received or amounts returned to the Ministry of Health and Long-Term Care of the Province of Ontario that differ from estimates.

The financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenue is recorded when earned and expenses are recorded when incurred.

The financial statements separately disclose the activities of the following funds maintained by the Corporation:

Operating Fund - reflecting the activities and programs associated with the Corporation's day-to-day operations including its' short and long-term capital requirements.

Replacement Reserve Fund and Rent Stabilization Fund - reflecting the activities related to reserve contributions and investing activities as required by the Ministry of Health and Long-Term Care.

LaVerendrye Non-Profit Supportive Housing Corporation Summary of Significant Accounting Policies

March 31, 2011

Property, Plant and Equipment

The Corporation has adopted the following accounting policies in respect of its property, plant and equipment:

- (i) Property, plant and equipment include the historical cost of land and buildings less accumulated amortization.
- (ii) Amortization of property, plant and equipment is equal to the annual mortgage amortization amount required to repay the principle amount of the mortgage.
- (iii) Modernization improvement and regeneration expenditures are expensed in the year incurred and shown separately from shelter operation costs. Replacement of items which have a shorter life span than the building structure are paid out of the Replacement Reserve Fund.

Reserve Funds

Contributions to reserve funds are included in the Corporation's operating expenditures.

All income earned on reserve fund assets accrues to the respective fund.

Prior Period Adjustments

Revenue from the Ministry of Health and Long-Term Care is based on amounts approved by the Province of Ontario. The Corporation estimates annually the amount of over/under-funding from the Ministry. Differences between actual and estimated funding are treated as a prior period adjustment in the current year, and net assets are adjusted accordingly.

Use of Estimates

The preparation of financial statements in accordance with the financial accounting and reporting requirements of the Ministry of Health and Long-Term Care of the Province of Ontario requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

LaVerendrye Non-Profit Supportive Housing Corporation Summary of Significant Accounting Policies

March 31, 2011

Financial Instruments

The Corporation has adopted CICA Handbook Sections 3855 - "Financial Instruments - Recognition and Measurement", 3861 - "Financial Instruments - Disclosure and Presentation" and the revised CICA Handbook Section 3251 - "Equity" (the "Handbook Sections").

Financial Instruments - Recognition and Measurement - Section 3855

This Section establishes the standards for the recognition and measurement of financial assets and financial liabilities. At inception, all financial instruments which meet the definition of a financial asset or a financial liability are to be recorded at fair value, unless fair value cannot be reliably determined. Depending on the nature of the financial instrument, revenues, expenses, gains and losses would be reported in either net income or directly in Unrestricted Net Assets. Subsequent measurement of each financial instrument will depend on the classification elected by the Corporation. The Corporation has elected the following classifications with respect to its financial assets and financial liabilities:

- Cash and investments are classified as "Assets Held-For- Trading" and are measured at fair value.
- Accounts receivable are classified as "Loans and Receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and long-term debt are classified as "Other Financial Liabilities" and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Due to the short-term nature of these financial instruments, carrying value is considered to be equivalent to fair market value.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

LaVerendrye Non-Profit Supportive Housing Corporation Summary of Significant Accounting Policies

March 31, 2011

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in money market instruments with maturities of three months or less.

Funding

The Corporation is funded by the Ontario Ministry of Health and Long-Term Care in accordance with budget arrangements established for their programs. These financial statements reflect agreed funding arrangements approved by the Ministry in respect to the year ended March 31, 2011.

LaVerendrye Non-Profit Supportive Housing Corporation Notes to Financial Statements

March 31, 2011

1. Accounts Receivable

	2011	2010
HST recoverable	\$ 49,235	\$ 5,305
Advances to clients	1,249	2,208
Accrued interest	453	200
Social Housing Renovation and Retrofit Program funding	224,577	-
	\$ 275,514	\$ 7,713

2. Property, Plant and Equipment

	2011	2010
Land and building, at cost	\$ 3,317,041	\$ 3,317,041
Less accumulated amortization of capital costs	1,078,915	975,699
Net book value	\$ 2,238,126	\$ 2,341,342

3. Long-Term Debt

	2011	2010
Mortgage payable, repayable at \$10,718 monthly including interest at 2.802%, maturing April 1, 2014.	\$ 1,408,817	\$ 1,489,671
Mortgage payable, repayable at \$6,251 monthly including interest at 6.10%, maturing June 1, 2024.	829,309	851,671
	\$ 2,238,126	\$ 2,341,342

The monthly mortgage payments are funded by the Ontario Ministry of Health and Long-Term Care.

LaVerendrye Non-Profit Supportive Housing Corporation Notes to Financial Statements

March 31, 2011

4. Reserve Funds

	Replacement Reserve	Rent Stabilization	Total 2011	Total 2010
Fund balance				
Beginning of year	\$ 199,266	\$ 10,083	\$ 209,349	\$ 214,417
Transfer from income	18,802	-	18,802	18,802
Interest earned	3,783	88	3,871	6,521
One-time grant	14,500	-	14,500	12,095
Capital expenditure	(46,917)	-	(46,917)	(42,486)
End of year	<u>\$ 189,434</u>	<u>\$ 10,171</u>	<u>\$ 199,605</u>	<u>\$ 209,349</u>

5. Ontario Ministry of Health Required Disclosures

The Ontario Ministry of Health and Long-Term Care requires the following disclosures:

(a) Management Contracts

The Corporation has engaged Riverside Health Care Facilities, Inc. to provide management services as follows:

	2011	2010
Management contracts	<u>\$ 53,375</u>	<u>\$ 56,969</u>

(b) Payments to Related Parties

There were no payments made to any member, director or official of the Non-Profit Housing Corporation.

6. Supplementary Cash Flow Information

	2011	2010
Cash paid during the year for:		
Interest	<u>\$ 91,691</u>	<u>\$ 101,663</u>

**LaVerendrye Non-Profit Supportive Housing Corporation
Schedules to Financial Statements**

For the year ended March 31	Budget 2011	Actual 2011	Actual 2010
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Schedule #1

Administrative Overhead

Materials and services	\$ 6,000	\$ 4,972	\$ 6,818
Management fees	31,775	53,375	56,969
Audit fees	-	3,600	6,970
Other	10,000	11,000	-
	\$ 47,775	\$ 72,947	\$ 70,757

Schedule #2

Materials and Services

Building and equipment	\$ 20,000	\$ 18,257	\$ 14,320
Elevators	3,600	1,488	3,739
Electric systems	2,000	6,621	2,146
Grounds	5,000	19,782	9,917
Heating and plumbing	2,000	371	2,356
Painting	5,000	257	2,500
Waste removal	2,000	1,780	1,786
Security	1,000	66	1,162
Social and recreational (cable recoveries)	-	(1,054)	(642)
Other	2,000	-	-
	\$ 42,600	\$ 47,568	\$ 37,284

Schedule #3

Utilities

Electricity	\$ 28,560	\$ 27,914	\$ 22,838
Fuel	20,000	10,206	12,554
Water	23,000	26,148	27,550
	\$ 71,560	\$ 64,268	\$ 62,942