

**LaVerendrye Non-Profit Supportive
Housing Corporation**
Financial Statements
For the year ended March 31, 2012

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Tel: 807 274 9848
Fax: 807 274 5142
www.bdo.ca

BDO Canada LLP
375 Scott Street
Fort Frances ON P9A 1H1 Canada

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 Corporation which comprise the statement of financial position as at March 31, 2012, 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 Corporation for the year ended March 31, 2012, 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 Corporation 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 Corporation 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 Corporation and the Ontario Ministry of Health and Long-Term Care.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

Fort Frances, Ontario
August 15, 2012

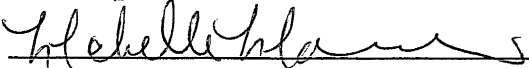
**LaVerendrye Non-Profit Supportive Housing Corporation
Statement of Financial Position**

March 31	2012	2011
Assets		
Current		
Cash and cash equivalents	\$ 835,658	\$ 514,977
Accounts receivable - Ministry of Health and Long-Term Care	1,969	2,312
- other (Note 1)	60,524	275,514
Prepaid expenses	9,309	20,447
	907,460	813,250
Reserve funds		
Cash and cash equivalents	217,057	199,605
Property, plant and equipment (Note 2)	2,121,864	2,238,126
Construction in progress	-	286,082
	\$ 3,246,381	\$ 3,537,063

Liabilities and Fund Balance

Current		
Accounts payable - Ministry of Health and Long-Term Care	\$ -	\$ 6,485
- other	259,805	178,497
Deferred revenue	-	286,082
	259,805	471,064
Long-term debt (Note 3)	2,121,864	2,238,126
Reserve funds (Note 4)	217,057	199,605
Net assets		
Unrestricted	542,655	523,268
Internally restricted	105,000	105,000
	647,655	628,268
	\$ 3,246,381	\$ 3,537,063

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 2012	Actual 2012	Actual 2011
Revenue			
Ministry of Health and Long-Term Care	\$ 363,249	\$ 365,218	\$ 359,581
Rental			
Market tenants	15,456	15,456	15,132
RGI tenants	81,667	81,445	83,806
Total revenue	460,372	462,119	458,519
Expenditure			
Administration overhead (Schedule 1)	48,619	92,083	72,947
Amortization of capital costs	116,262	116,262	103,216
Insurance	11,550	9,835	9,803
Interest on long-term debt	87,373	87,373	100,419
Materials and services (Schedule 2)	42,977	35,407	47,568
Municipal taxes	36,971	38,717	37,265
Utilities (Schedule 3)	74,052	57,755	64,268
Capital reserve	18,802	18,802	18,802
Wages and benefits	5,613	5,767	4,261
Total expenditure	442,219	462,001	458,549
Net shelter income (deficit) for the year	18,153	118	(30)
Other			
Social Housing Renovation and Retrofit Program funding	-	307,525	-
Building repairs	-	(307,525)	-
Non-allocated income	-	7,611	28,392
Excess of revenue over expenditure for the year	18,153	7,729	28,362
Net assets, beginning of year	-	628,268	555,347
Prior period adjustment	-	11,658	44,559
Net assets, end of year	\$ 18,153	\$ 647,655	\$ 628,268

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 Cash Flows

For the year ended March 31	2012	2011
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditure for the year	\$ 7,729	\$ 28,362
Items not involving cash		
Amortization of property, plant and equipment	116,262	103,216
Net asset adjustment	11,658	44,559
Changes in operational balances		
Accounts receivable	215,333	(269,974)
Prepaid expenses	11,138	(10,647)
Accounts payable	74,823	11,072
Deferred revenue	(286,082)	286,082
Net operating activities	150,861	192,670
Investing activities		
Acquisition (reduction) of construction in progress	286,082	(286,082)
Financing activities		
Net mortgage repayment	(116,262)	(103,216)
Increase (decrease) in cash	320,681	(196,628)
Cash and cash equivalents, beginning of year	514,977	711,605
Cash and cash equivalents, end of year	\$ 835,658	\$ 514,977

Supplementary cash flow information (Note 6)

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

March 31, 2012

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, 2012

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.

Estimates used in the preparation of the financial statements include the useful life of property, plant and equipment and accrued liabilities.

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

March 31, 2012

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, 2012

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, 2012.

LaVerendrye Non-Profit Supportive Housing Corporation Notes to Financial Statements

March 31, 2012

1. Accounts Receivable

	2012	2011
HST recoverable	\$ 56,901	\$ 49,235
Advances to clients	2,864	1,249
Accrued interest	759	453
Social Housing Renovation and Retrofit Program funding	-	224,577
	\$ 60,524	\$ 275,514

2. Property, Plant and Equipment

	2012	2011
Land and building, at cost	\$ 3,317,041	\$ 3,317,041
Less accumulated amortization of capital costs	1,195,177	1,078,915
Net book value	\$ 2,121,864	\$ 2,238,126

3. Long-Term Debt

	2012	2011
Mortgage payable, repayable at \$10,718 monthly including interest at 2.802%, maturing April 1, 2014.	\$ 1,318,303	\$ 1,408,817
Mortgage payable, repayable at \$6,251 monthly including interest at 6.10%, maturing June 1, 2024.	803,561	829,309
	\$ 2,121,864	\$ 2,238,126

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, 2012

4. Reserve Funds

	Replacement Reserve	Rent Stabilization	Total 2012	Total 2011
Fund balance				
Beginning of year	\$ 189,434	\$ 10,171	\$ 199,605	\$ 209,349
Transfer from income	18,802	-	18,802	18,802
Interest earned	2,237	113	2,350	3,871
One-time grant	11,500	-	11,500	14,500
Capital expenditure	(15,200)	-	(15,200)	(46,917)
End of year	<u>\$ 206,773</u>	<u>\$ 10,284</u>	<u>\$ 217,057</u>	<u>\$ 199,605</u>

5. Ontario Ministry of Health and Long-Term Care 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:

	2012	2011
Management contracts	<u>\$ 57,414</u>	<u>\$ 53,375</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

	2012	2011
Cash paid during the year for:		
Interest	<u>\$ 87,719</u>	<u>\$ 91,691</u>

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

For the year ended March 31	Budget 2012	Actual 2012	Actual 2011
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Schedule #1

Administrative Overhead

Salaries, wages and benefits	\$ 10,844	\$ 11,000	\$ 11,000
Management fees	31,775	57,414	53,375
Materials and services	6,000	7,124	4,972
Professional fees	-	15,953	3,600
Other	-	592	-
	\$ 48,619	\$ 92,083	\$ 72,947

Schedule #2

Materials and Services

Building and equipment	\$ 17,555	\$ 9,212	\$ 18,257
Elevators	3,838	1,150	1,488
Electric systems	2,195	6,777	6,621
Grounds	6,999	15,277	19,782
Heating and plumbing	2,375	862	371
Painting	4,625	418	257
Waste removal	2,000	1,914	1,780
Security	1,190	100	66
Social and recreational (cable recoveries)	-	(303)	(1,054)
Other	2,200	-	-
	\$ 42,977	\$ 35,407	\$ 47,568

Schedule #3

Utilities

Electricity	\$ 26,812	\$ 18,993	\$ 27,914
Fuel	19,346	9,985	10,206
Water	27,894	28,777	26,148
	\$ 74,052	\$ 57,755	\$ 64,268