

**FINANCIAL STATEMENTS**  
**For**  
**THE OTTAWA ROTARY HOME**  
**For year ended**  
**MARCH 31, 2015**

**THE OTTAWA ROTARY HOME  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2015**

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**INDEPENDENT AUDITOR'S REPORT**

To the members of

**THE OTTAWA ROTARY HOME**

We have audited the accompanying financial statements of The Ottawa Rotary Home, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and 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 entity'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 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 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.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Ottawa Rotary Home 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.

*Welch LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
May 29, 2015.

**THE OTTAWA ROTARY HOME**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2015**

|  | <u>2015</u>             | <u>2014</u>             |
|--|-------------------------|-------------------------|
| <b><u>ASSETS</u></b>   |                         |                         |
| <b>CURRENT ASSETS</b>  |                         |                         |
| Cash (note 4)  | \$ 468,186              | \$ 320,683              |
| Short-term investments (note 4)                                      | 82,358                  | 81,623                  |
| Accounts receivable  | 52,620                  | 73,383                  |
| Government remittances receivable                                    | 22,884                  | 16,318                  |
| Prepaid expenses   | 8,650                   | -                       |
| Due from Ottawa Rotary Home Foundation (note 5)                      | <u>9,164</u>            | <u>20,514</u>           |
|  | 643,862                 | 512,521                 |
| <br><b>LAND LEASE (note 6)</b>                                       | <br>12,713              | <br>13,019              |
| <br><b>CAPITAL ASSETS (note 7)</b>                                   | <br><u>6,937,209</u>    | <br><u>7,100,706</u>    |
|  | <br><u>\$ 7,593,784</u> | <br><u>\$ 7,626,246</u> |
| <br><b><u>LIABILITIES AND NET ASSETS</u></b>                         |                         |                         |
| <b>CURRENT LIABILITIES</b>   |                         |                         |
| Accounts payable and accrued liabilities (note 8)                    | \$ 175,157              | \$ 167,950              |
| Government remittances payable                                       | 44,015                  | 40,409                  |
| Deferred contributions for adult respite - overnight (note 5)        | <u>125,000</u>          | <u>-</u>                |
|  | 344,172                 | 208,359                 |
| <br><b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 9)</b> | <br><u>5,426,002</u>    | <br><u>5,614,608</u>    |
|  | <u>5,770,174</u>        | <u>5,822,967</u>        |
| <br><b>NET ASSETS</b>  |                         |                         |
| Invested in capital assets   | 1,511,207               | 1,486,098               |
| Unrestricted   | <u>312,403</u>          | <u>317,181</u>          |
|  | <u>1,823,610</u>        | <u>1,803,279</u>        |
|  | <br><u>\$ 7,593,784</u> | <br><u>\$ 7,626,246</u> |

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

**THE OTTAWA ROTARY HOME**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2015**

|   | 2015                                  |                     |                     | 2014                |
|---|---------------------------------------|---------------------|---------------------|---------------------|
|   | <u>Invested in<br/>capital assets</u> | <u>Unrestricted</u> | <u>Total</u>        | <u>Total</u>        |
| Balance, beginning of year  | \$ 1,486,098                          | \$ 317,181          | \$ 1,803,279        | \$ 1,781,541        |
| Excess of revenue over expenses                                     | -                                     | 20,331              | 20,331              | 21,738              |
| Purchase of capital assets  | 42,342                                | (42,342)            | -                   | -                   |
| Amortization of deferred contributions<br>related to capital assets | 188,606                               | (188,606)           | -                   | -                   |
| Amortization of capital assets                                      | <u>(205,839)</u>                      | <u>205,839</u>      | <u>-</u>            | <u>-</u>            |
| Balance, end of year  | <u>\$ 1,511,207</u>                   | <u>\$ 312,403</u>   | <u>\$ 1,823,610</u> | <u>\$ 1,803,279</u> |

(See accompanying notes)

**THE OTTAWA ROTARY HOME  
STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2015**

|   | <u>2015</u>      | <u>2014</u>      |
|---|------------------|------------------|
| <b>Revenue</b>  |                  |                  |
| Program grants - Government of Ontario (note 10 and 12)                 | \$ 3,038,662     | \$ 2,957,487     |
| Fee for service   | 225,618          | 243,066          |
| Other service   | 135,349          | 134,152          |
| Community Services Planning Table                                       | 29,640           | -                |
| Interest and other  | 8,840            | 12,358           |
|   | <u>3,438,109</u> | <u>3,347,063</u> |
| <b>Expenses</b>   |                  |                  |
| Salaries, benefits and subcontractors                                   | 2,878,118        | 2,814,691        |
| Purchased services  | 62,468           | 47,612           |
| Professional fees   | 2,824            | 2,699            |
| Community Services Planning Table                                       | 29,640           | -                |
| Food  | 75,595           | 72,539           |
| Supplies  | 30,657           | 40,598           |
| Training  | 12,196           | 22,034           |
| Travel  | 8,837            | 9,015            |
| Repairs and maintenance   | 141,845          | 130,431          |
| Vehicle   | 11,867           | 18,736           |
| Office  | 47,982           | 36,719           |
| Insurance   | 26,918           | 23,378           |
| Utilities   | 57,601           | 51,366           |
| Telephone   | 13,276           | 12,742           |
| Interest  | 415              | 4,928            |
|   | <u>3,400,239</u> | <u>3,287,488</u> |
| <b>Excess of revenue over expenses before amortization</b>              | 37,870           | 59,575           |
| <b>Amortization of deferred contributions related to capital assets</b> | 188,606          | 187,155          |
| <b>Amortization of capital assets</b>                                   | (205,839)        | (203,691)        |
| <b>Amortization of land lease</b>                                       | (306)            | (306)            |
| <b>Amortization of capital assets under capital lease</b>               | <u>-</u>         | <u>(20,995)</u>  |
| <b>Excess of revenue over expenses</b>                                  | <u>\$ 20,331</u> | <u>\$ 21,738</u> |

(See accompanying notes)

**THE OTTAWA ROTARY HOME  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2015**

|   | <u>2015</u>       | <u>2014</u>       |
|---|-------------------|-------------------|
| <b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>                   |                   |                   |
| Excess of revenue over expenses   | \$ 20,331         | \$ 21,738         |
| Adjustments for:  |                   |                   |
| Amortization of capital assets  | 205,839           | 203,691           |
| Amortization of land lease  | 306               | 306               |
| Amortization of capital assets under capital lease                      | -                 | 20,995            |
| Amortization of deferred contributions related to capital assets        | <u>(188,606)</u>  | <u>(187,155)</u>  |
|   | 37,870            | 59,575            |
| Changes in level of:  |                   |                   |
| Accounts receivable   | 20,763            | (14,029)          |
| Prepaid expenses  | (8,650)           | 4,770             |
| Due from Ottawa Rotary Home Foundation                                  | 11,350            | 42,668            |
| Government remittances receivable                                       | (6,566)           | 12,030            |
| Accounts payable and accrued liabilities                                | 7,207             | 30,390            |
| Government remittances payable  | <u>3,606</u>      | <u>5,318</u>      |
|   | <u>65,580</u>     | <u>140,722</u>    |
| <b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>                   |                   |                   |
| Proceeds from disposition of short-term investments                     | 81,623            | 80,814            |
| Purchase of short-term investments                                      | (82,358)          | (81,623)          |
| Purchase of capital assets  | <u>(42,342)</u>   | <u>(9,702)</u>    |
|   | <u>(43,077)</u>   | <u>(10,511)</u>   |
| <b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>                   |                   |                   |
| Repayment of obligation under capital lease                             | -                 | (17,253)          |
| Increase in deferred contributions related to adult respite - overnight | 125,000           | -                 |
| Increase in deferred contributions related to capital assets            | <u>-</u>          | <u>42,768</u>     |
|   | <u>125,000</u>    | <u>25,515</u>     |
| <b>INCREASE IN CASH</b>   | 147,503           | 155,726           |
| <b>CASH, BEGINNING OF YEAR</b>  | <u>320,683</u>    | <u>164,957</u>    |
| <b>CASH, END OF YEAR</b>  | <u>\$ 468,186</u> | <u>\$ 320,683</u> |

(See accompanying notes)

**THE OTTAWA ROTARY HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2015**

**1. NATURE OF OPERATIONS**

The Ottawa Rotary Home ("Home"), incorporated without share capital under the Business Corporations Act of Ontario, operates Respite Care and adult residential programs to improve the quality of life of caregivers and individuals with disabilities through a family centered approach that is responsive to individual needs and offered in a dynamic and flexible way. Funding is provided by the Government of Ontario Ministries of Children and Youth Services and of Community and Social Services. The Home is a registered charity and, as such, is exempt from income taxes and may issue tax receipts to donors.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Revenue recognition*

The Home follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions with respect to the purchase of capital assets that are amortized are deferred and amortized to revenue on the same basis as the related capital asset is amortized to expense. Restricted contributions with respect to the purchase of capital assets that are not amortized are recognized as direct increases in net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Fee for service income is recognized in the year in which it is received and investment income is recorded when it is earned.

Community Services Planning Table and Other service revenue are recognized in the year in which the service is performed if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and other revenue is recognized when received.

*Measurement of financial instruments*

Cash and investments are measured at fair value at the balance sheet date.

All other financial instruments are measured at amortized cost at the balance sheet date.

*Capital assets*

Capital assets are stated at acquisition cost. When the Home receives capital asset contributions, their cost is equal to their fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined.

Amortization is based on the estimated useful life of the asset using straight-line method at the following rates:

|                         |          |
|-------------------------|----------|
| Building                | 40 years |
| Furniture and equipment | 10 years |
| Vehicle                 | 5 years  |



**THE OTTAWA ROTARY HOME**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2015**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Contributed services*

Members contribute many hours each year to assist the Home. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

*Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

Management makes accounting estimates when determining the estimated useful life of the Home's capital assets and the related amortization expense, the net realizable value of accounts receivable and amounts due from Ottawa Rotary Home Foundation, and in the determination of significant accrued liabilities. Actual results could differ from these estimates.

**3. FINANCIAL INSTRUMENTS**

The Home is exposed to various risks through its financial instruments. The following analysis provides a measure of the Home's risk exposure and concentrations at March 31, 2015.

The Home does not use derivative financial instruments to manage its risks.

*Credit risk*

The Home is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Home's maximum exposure to credit risk is the carrying value of its cash, investments and its accounts receivable. The Home's cash is deposited with a Canadian chartered bank and investments are government issued as a result management believes the risk of loss on those items to be remote. The Home manages the credit risk of accounts receivable by reviewing monthly aged accounts receivable balances and following up on outstanding amounts.

*Liquidity risk*

Liquidity risk is the risk that the Home cannot meet a demand for cash or fund its obligations as they become due. The Home meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

*i) Currency risk*

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Home's financial instruments are all denominated in Canadian dollars and the Home transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

**THE OTTAWA ROTARY HOME**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2015**

**3. FINANCIAL INSTRUMENTS - Cont'd.**

*Market risk - Cont'd.*

*ii) Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Home manages its interest rate risk exposure through its investment in guaranteed investment certificates which provides fixed rates of interest. As such, the Home's exposure to interest rate risk is minimal.

*iii) Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Home is not exposed to other price risk.

*Changes in risk*

There have been no changes in the Home's risk exposures from the prior year.

**4. SHORT-TERM INVESTMENTS**

Short-term investments at March 31, 2015 are comprised of the following Guaranteed Investment Certificates ("GIC"):

| <u>Maturity date</u> | <u>Interest rate</u> | <u>Amount</u>    |
|----------------------|----------------------|------------------|
| June 4, 2015         | 0.90 %               | \$ 30,988        |
| June 4, 2015         | 0.90 %               | 30,988           |
| October 21, 2015     | 1.00 %               | <u>20,382</u>    |
|                      |                      | <u>\$ 82,358</u> |

In addition to the amounts noted above which were invested in GIC's, the Home's cash balance at year end includes \$102,110 (2014 - \$100,943) which is held in a high-interest savings account. As at March 31, 2015, the interest rate on this account was 1.18% (2014 - 1.20%).

The Home's investment policy requires investment in low risk securities as defined by the policy. The policy authorizes the Executive Director to transfer funds to and from the investment account and assigns oversight responsibility of the investments to the Board of Directors.

**THE OTTAWA ROTARY HOME**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2015**

**5. CONTRIBUTIONS FROM THE OTTAWA ROTARY HOME FOUNDATION**

The Ottawa Rotary Home Foundation ("Foundation") is a separately incorporated charity with the objective of undertaking fundraising activities to provide financial support and assistance to the Home or for financial assistance to physically disabled children and adults. The results of the Foundation are not consolidated with the results of the Home.

The amount due from the Foundation is non-interest bearing and has no specified terms of repayment.

The amounts received from the Ottawa Rotary Home Foundation are summarized as follows:

|   | <u>2015</u>       | <u>2014</u>      |
|---|-------------------|------------------|
| <b>Revenues:</b>  |                   |                  |
| Adult respite - overnight (included in fee for service) | \$ 25,000         | \$ 35,000        |
| Donations (included in interest and other)              | <u>3,614</u>      | <u>2,275</u>     |
|   | 28,614            | 37,275           |
| <b>Deferred contributions:</b>                          |                   |                  |
| Contributions for Leitrim campus                        | -                 | 34,252           |
| Contributions for adult respite - overnight             | <u>125,000</u>    | <u>-</u>         |
|   | <u>\$ 153,614</u> | <u>\$ 71,527</u> |

**6. LAND LEASE**

Land at 30 Rochester Street is leased on a net basis from Canada Mortgage and Housing Corporation for a period of 75 years, from June 15, 1981 to June 14, 2056. The total rent for the lease period is \$23,100 which was paid in advance. Accumulated amortization as at March 31, 2015 is \$10,387 (2014 - \$10,081). The Home is responsible for utility services and all other costs in respect of the land and building.

**7. CAPITAL ASSETS**

Capital assets consist of the following:

|                          | <u>2015</u>         |                                     | <u>2014</u>         |                                     |
|--------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|
|                          | <u>Cost</u>         | <u>Accumulated<br/>amortization</u> | <u>Cost</u>         | <u>Accumulated<br/>amortization</u> |
| Land                     | \$ 1,340,000        | \$ -                                | \$ 1,340,000        | \$ -                                |
| Building                 | 6,707,101           | 1,291,988                           | 6,700,137           | 1,124,324                           |
| Furniture and equipment  | 470,723             | 296,727                             | 435,345             | 261,252                             |
| Vehicle                  | <u>118,475</u>      | <u>110,375</u>                      | <u>118,475</u>      | <u>107,675</u>                      |
|                          | 8,636,299           | <u>\$ 1,699,090</u>                 | 8,593,957           | <u>\$ 1,493,251</u>                 |
| Accumulated amortization | <u>1,699,090</u>    |                                     | <u>1,493,251</u>    |                                     |
|                          | <u>\$ 6,937,209</u> |                                     | <u>\$ 7,100,706</u> |                                     |

**8. CREDIT CARDS LIMITS**

The Home has authorized lines of credit totaling \$20,000 through the use of two corporate credit cards, of which \$2,990 was utilized as at March 31, 2015 (\$15,193 as at March 31, 2014) and has been included in accounts payable and accrued liabilities.

**THE OTTAWA ROTARY HOME**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2015**

**9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets represent restricted contributions received from the Ontario Ministry of Community and Social Services (MCSS) and from donors, with which the capital assets were originally purchased. The changes in the deferred contributions balance for the year are as follows:

|   | <u>2015</u>         | <u>2014</u>         |
|---|---------------------|---------------------|
| Balance, beginning of the year                              | \$ 5,614,608        | \$ 5,758,995        |
| Add: Contributions for Leitrim Campus - Foundation (note 5) | -                   | 34,252              |
| Contributions for Leitrim Campus - Other                    | -                   | 8,516               |
| Less: Amortization to revenue                               | <u>(188,606)</u>    | <u>(187,155)</u>    |
| Balance, end of year  | <u>\$ 5,426,002</u> | <u>\$ 5,614,608</u> |

**10. ECONOMIC DEPENDENCE**

The Ottawa Rotary Home depends primarily on the Government of Ontario for financial support.

**11. COMMITMENTS**

The Home has entered into a lease agreement expiring in July 2020 which calls for lease payments of \$2,381 per year for the rental of printing equipment.

**12. PROGRAM REVENUES AND EXPENSES**

The terms and conditions of the Government of Ontario funding provide that the Home must reimburse any excess of grants paid to it over those expenses approved for the programs. Furthermore, any losses are the responsibility of the Home.

The financial results of each program are:

| <u>Program</u>                                 | <u>Service Code</u> | <u>Revenue</u>      | <u>Expenses</u>     | <u>Net loss</u>   |
|--|---------------------|---------------------|---------------------|-------------------|
| Children's Respite Program                     | 9255                | \$ 756,030          | \$ 756,548          | \$ (518)          |
| DS Community Participation Srvs and Supports   | 9131                | 77,298              | 77,926              | (628)             |
| DS Caregiver Respite Services                  | 9130                | 183,273             | 183,978             | (705)             |
| DS Prof and Specialized Services               | 9132                | 118,000             | 118,794             | (794)             |
| Adult Residential Service                      | 8847                | 1,484,959           | 1,485,681           | (722)             |
| Repairs and Maintenance - Development Services | 8848                | 5,000               | 5,000               | -                 |
| Children's Complex Special Needs               | A510                | 319,300             | 319,672             | (372)             |
| CSN Individualized Placement Funding           | A545                | <u>94,802</u>       | <u>95,155</u>       | <u>(353)</u>      |
|  |                     | <u>\$ 3,038,662</u> | <u>\$ 3,042,754</u> | <u>\$ (4,092)</u> |